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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

Application has been made to the *Commission de Surveillance du Secteur Financier* in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*), as amended, 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 10 July 2005, relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*), as amended, the *Commission de Surveillance du Secteur Financier* does not assume any responsibility as to the economic and financial soundness of the transactions contemplated by this Base Prospectus 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 approval 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.

The date of this Base Prospectus is 4 July 2013.

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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") 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 4 July 2013 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).

The Notes may be issued on a continuing basis to any Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis and which may include KBC Bank NV acting in its capacity as a Dealer separate from that as a Guarantor (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 10 July 2005 relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*), as amended, 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") in respect of the issue by the Issuer of PD Notes (as defined below). According to article 7 (7) of the Luxembourg Act dated 10 July 2005, relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*), as amended, the CSSF 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 approval 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 of the European Parliament and of the Council on markets in financial instruments as amended (the "MiFID").

The final terms to this Base Prospectus in respect of the issue of any PD Notes (the "Final Terms"), which will specify the applicable terms and conditions of the Notes, will be filed with the CSSF. Copies of the Final Terms in relation to PD Notes to be listed on the official list of the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange at www.bourse.lu.

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 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"), 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.

Notes to be issued under the Programme during the period of twelve months from the date of this Base Prospectus which are admitted to trading on a regulated market as defined under MiFID (including the regulated market of the Luxembourg Stock Exchange) are hereinafter referred to as the "PD Notes". Notes issued under the Programme shall have a minimum Specified Denomination of at least €100,000 (or its equivalent in any other currency). The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any regulated market within the European Economic Area which do not require the publication of a prospectus under the Prospectus Directive ("Exempt Notes"). Partly Paid Notes shall always be Exempt Notes. The CSSF has not reviewed nor approved any information in relation to Exempt Notes.

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 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. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension reduction or withdrawal at any time by the assigning rating agency.

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. For a discussion of the risks 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, failing which, the Guarantor 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.

KBC Bank
Dealers

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

UBS Investment Bank

The date of this Base Prospectus is 4 July 2013.

IMPORTANT INFORMATION

This section sets out important information relating to the use of this Base Prospectus.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS

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 "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.

References to "Affiliate" in this document, 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.

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, equity 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 the relevant 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 information reproduced inaccurate or misleading.

This Base Prospectus is to be read in conjunction with any supplement hereto and all documents which are deemed to be 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 by reference and form part of this Base Prospectus. This Base Prospectus may only be used for the purposes for which it has been published.

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 by the Issuer, the Guarantor or any Dealer 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, 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.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes issued hereunder shall in any circumstances 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 distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer, the Guarantor and the Dealers represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated 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 an offer to the public of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of the Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States and the European Economic Area (including the United Kingdom, France, the Netherlands, Spain, Italy, the Czech Republic, Poland, the Grand Duchy of Luxembourg, Hungary and the Slovak Republic), Japan, Hong Kong, the Republic of Singapore and Korea, see "*Subscription and Sale*" below.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- has 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 or in the applicable Final Terms;

- has 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;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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.

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OVERVIEW OF THE PROGRAMME

This section provides an overview of the key information contained in the Base Prospectus.

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 acts as a financing vehicle within the KBC Bank Group.
Guarantor:	KBC Bank NV (a wholly-owned subsidiary of KBC Group NV) incorporated in Belgium.
Business of the Guarantor:	KBC Bank Group is a multi-channel bank that caters primarily to private persons, SMEs and midcaps. Besides its banking activity the KBC Bank Group also has a holding function for a wide range of group companies, mainly banking and other financial entities in Central and Eastern Europe and in other selected countries, such as Ireland.
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes. The principal risks in respect of the Issuer include, without limitation, the following: (i) the Issuer is a finance vehicle and accordingly has no trading assets and, if the Guarantor's financial condition deteriorates, the Issuer and investors may suffer direct and materially adverse consequences, (ii) current economic and market conditions pose significant challenges for the KBC Bank Group and may adversely affect its results, (iii) increased regulation of the financial services industry, (iv) the highly competitive environment in which KBC Bank Group operates could intensify further, (v) risks associated with liquidity and funding may be aggravated by the current global market conditions, (vi) the KBC Bank Group has significant credit default risk exposure, (vii) the KBC Bank Group is exposed to counterparty credit risk, (viii) changes in interest rates, (ix) foreign exchange risk, (x) strategies for hedging against market risks may prove to be ineffective, (xi) a downgrade in credit rating may limit access to certain markets and counterparties and may necessitate the posting of additional collateral to counterparties or exchanges, (xii) the KBC Bank Group is highly concentrated in and hence vulnerable to European sovereign exposure, in particular in its home country Belgium, (xiii) potential losses stemming from structured products portfolios, (xiv) risks associated with the government support and the associated EU plan, (xv) operational risks, (xvi) risk management policies, procedures and methods may expose the KBC Bank Group to unidentified or unanticipated or incorrectly quantified risks, (xvii) the risk of breaches of compliance-related requirements, (xviii) litigation or other proceedings or actions may adversely affect the KBC Bank Group and (xix) risks on account of direct and indirect pension obligations. The risk factors summarised above in respect of the Issuer also apply in respect of the Guarantor (other than the risk set out in sub-paragraph (i) thereof).

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There are certain key risk factors which are material for the purpose of assessing the risks associated with the Notes, including, without limitation, the following key risk factors:

(a) the Notes may not be a suitable investment for all investors and involve a high degree of risk.

(b) the Notes may not be principal protected and, if they are, any such protection is dependent on the Issuer, failing which, the Guarantor, performing its obligations with respect to the Notes. In addition, any such principal protection is only at maturity. Also, if the Notes are linked to a Reference Item, the amount of interest payable to Noteholders or amounts payable upon Autocall Redemption or at maturity will be contingent on the level, price or value of the Reference Item and on the structure of the Notes. Prospective investors in the Notes should note that, in certain circumstances, they may not receive any interest.

(c) Risks associated with investing in the Notes may include, without limitation, (i) risk of disruption to valuations, (ii) adjustment to the conditions, substitution of the relevant index and/or early redemption following an adjustment event or an illegality, (iii) postponement of interest payments and/or minimum and/or maximum limits imposed on interest rates, (iv) cancellation or scaling back of offers to the public or the issue date being deferred, (v) hedging activities of the Issuer and/or any of its affiliates, (vi) conflicts of interest between the Issuer and/or any of its affiliates and holders of Notes, (vii) modification of the terms and conditions of Notes by majority votes binding all holders, (viii) provisional legislation on crisis management affecting the Guarantor, (ix) change in law, (x) illiquidity of denominations consisting of integral multiples, (xi) payments being subject to withholding or other taxes, (xii) fees and commissions not being taken into account when determining secondary market prices of Notes, (xiii) there being no secondary market, (xiv) exchange rate risk, (xv) market value of Notes being affected by various factors independent of the creditworthiness of the Issuer or the Guarantor and (xvi) credit ratings not reflecting all risks.

The capital invested in the Notes is at risk. Consequently, the amount a prospective investor may receive on redemption of its Notes may be less than the amount invested by it and may be zero (0).

Investors may lose up to the entire value of their investment:

(a) as the relevant payoff conditions may not provide for full repayment of the initial purchase price upon redemption or early redemption and the underlying Reference Items may perform in such a manner that the amount due under the Notes is less than the initial purchase price;

(b) if the Investor sells its Notes prior to the scheduled maturity date in the secondary market at an amount that is less than the initial purchase price;

(c) if the Issuer or the Guarantor is subject to insolvency or bankruptcy proceedings or some other event which

negatively affects the Issuer's or the Guarantor's ability to repay amounts due under the Notes;

(d) if the Notes are redeemed early for reasons beyond the control of the Issuer (such as e.g. a change of applicable law or market event in relation to the Reference Item(s)) and the amount paid or delivered is less than the initial purchase price; or

(e) if the Notes are subject to certain adjustments or alternative valuations following certain disruptive market events that result in the amount to be paid or delivered being reduced to an amount or value that is less than the initial purchase price.

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) (IF ANY) 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, AND/OR DELIVERABLE 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 plc 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:	Subject to all relevant laws, regulations and directives, any currency agreed between the Issuer and the relevant Dealer(s) and as specified in the applicable Final Terms.
Maturities:	Subject to all relevant laws, regulations and directives, any maturity with a minimum of at least one year and as specified in the applicable Final Terms.
Issue Price:	Notes may be issued on a fully paid or a partly 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, equity indices, equities, inflation indices, currencies, commodities, commodity indices, fund interests, and the credit of one or more specified entities (each a "Reference Item"); (ii) which do not bear interest; and/or (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 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 or Cap Rate or Cap % applies to a particular Interest Basis, the maximum rate of interest that will be payable under the Notes in respect of such Interest Basis will be provided in the applicable Final Terms and capped. If a Minimum Rate of Interest or Floor Rate or Floor % applies to a particular Interest Basis, the minimum rate of interest that will be payable under the Notes in respect of such Interest Basis will be provided in the applicable Final Terms and floored.
Multipliers:	Any one or more of an Interest Multiplier, Autocall Multiplier, Index Redemption Multiplier, Equity Redemption Multiplier, Inflation Redemption Multiplier, Currency Redemption Multiplier or Commodity Redemption Multiplier (each, a "Multiplier") may apply to the Notes. Such a Multiplier will determine the level of exposure of the investor to the relevant Reference Item and Interest Amounts and/or amounts payable upon redemption will be determined by applying any applicable Multiplier(s). A Multiplier (other than an Autocall Multiplier) may be a positive or a negative number.
Index Linked Notes:	Payments (whether in respect of principal and/or interest) in respect of such Notes will be calculated by reference to a single

	index or a basket of indices and on such terms as elected in the applicable Final Terms and specified in 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 and/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 elected in the applicable Final Terms and specified in the Conditions. If Potential Adjustment Events are specified to be applicable in the applicable Final Terms, upon the occurrence of the relevant event, the Notes may be subject to certain adjustments 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 to be applicable in the applicable Final Terms, upon the occurrence of the relevant event, the Notes may be subject to certain adjustments, the equity security the subject of such an event may be substituted by a replacement equity security or the Notes may be redeemed.
Inflation Linked Notes:	Payments (whether in respect of principal and/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 and the Conditions. 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.
Currency Linked Notes:	Payments (whether in respect of principal and/or interest) in respect of such Notes will be based on such rates of exchange, as specified in the applicable Final Terms and the Conditions. If Currency Disruption Events are specified to be applicable 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 and/or redemption 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.

Commodity Linked Notes:	Payments (whether in respect of principal and/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 elected in the applicable Final Terms and specified in the Conditions. The Calculation Agent may determine that a Market Disruption Event applicable to such Notes has occurred or exists on a day that is a Valuation Date. In such circumstances, the Relevant Price for that Valuation 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, omission of Valuation Dates (where averaging is applicable) 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.
Fund Linked Notes:	Payments in respect of interest only will be calculated by reference to a single fund interest or basket of fund interests on such terms as elected in the applicable Final Terms and specified in the Conditions. If Fund Potential Adjustment Events are specified to be applicable in the applicable Final Terms, upon the occurrence of the relevant event, the Notes may be subject to certain adjustments 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 certain adjustments or the fund interest the subject of such an event may be substituted by a replacement fund.
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 or where an additional Interest Basis applies.
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 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).
Additional Disruption Events:	The Notes will be subject to adjustment or may be redeemed upon the occurrence of any Additional Disruption Event specified to be applicable 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.
Options and Variable Interest Payments:	The applicable Final Terms may specify one or more Interest Basis(es) as being applicable to the Notes. One or more of the following may apply to an issue of Notes: Rates Variance, Asian Option, Evolution of Underlying Equity,

	Evolution of Basket of Underlying Equities, Evolution of Underlying Commodity, Evolution of Basket of Underlying Commodities, Evolution of Commodity Index, Evolution of Basket of Commodity Indices, Evolution of Underlying Fund Interest, Evolution of Basket of Underlying Fund Interests, Evolution of Index, Evolution of Inflation, Evolution of Currency, Digital Option or Range Accrual.
Rates Variance:	If Rates Variance is applicable, the relevant rate of interest to be applied in respect of such Interest Basis for an interest period will depend on whether (i) the relevant value for Rate1 (which may be a fixed percentage or based on a benchmark Reference Rate) is greater or less than (ii) the product of the relevant value for Rate2 (which may be based on a benchmark Reference Rate or be a fixed percentage) and the applicable Scaling Factor. The Margin is added or subtracted to such result, as applicable, and then multiplied by the applicable Interest Multiplier (which may be negative).
Asian Option (in respect of Underlying Equity, Basket of Underlying Equities, Index, Basket of Indices, Inflation, Underlying Commodity, Basket of Underlying Commodities, Commodity Index, Basket of Commodity Indices, Underlying Fund Interest, Basket of Underlying Fund Interests, and Currency):	Each Interest Amount payable on Notes (other than Currency Linked Interest Notes) with an Asian Option pay-out, in respect of such Interest Basis, is determined by reference to how (i) the average of the values of the applicable Reference Item that could be determined for each of the "n" observation dates relating to the relevant interest period (the result, after application of any of the potential adjustments, the "Latest Average Value") has increased or decreased from (ii) the product of the Scaling Factor and the average of the values of the Reference Item determined for the initially specified observation dates (the "Initial Value" and, after application of the Scaling Factor, the "Asian Hurdle Value"). Such increase or decrease in average value is expressed as a percentage of the Initial Value, following which the Margin (if any) is added or subtracted and the result is multiplied by the applicable Interest Multiplier (which may be negative). Currency Linked Interest Notes differ, such that the Latest Average Value and Initial Value are reversed (the Initial Value being compared being with the product of (i) the Scaling Factor and (ii) the Latest Average Value (such product being the "Asian Hurdle Value" for the purposes of Currency Linked Interest Notes).
Evolution of Underlying Equity, Basket of Underlying Equities, Index, Basket of Indices, Inflation, Underlying Commodity, Basket of Underlying Commodities, Commodity Index, Basket of Commodity Indices, Underlying Fund Interest, Basket of Underlying Fund Interests, and Currency:	Each Interest Amount payable on Notes (other than Currency Linked Interest Notes) with an Evolution of pay-out, in respect of such Interest Basis, is determined by reference to how (i) the value of the specified Reference Item determined for the relevant interest period (the "Latest Value") has increased or decreased from (ii) the product of the Scaling Factor and the value for the immediately preceding interest period (or, for the first variable rate, the initial value) (the "Previous Value" and, after application of the Scaling Factor, the "Evolution Hurdle Value"). Such increase or decrease in value is expressed as a percentage of the Previous Value, following which the Margin (in any) is added or subtracted and the result is multiplied by the applicable Interest Multiplier (which may be negative). Currency Linked Interest Notes differ, such that the Latest Value and Previous Value are reversed (the Previous Value is compared with the product of (i) the Scaling Factor and (ii) the Latest Value (such product being the "Evolution Hurdle Value"

for the purposes of Currency Linked Interest Notes). Otherwise, the pay-out operates identically.

Digital Option: Each Interest Amount payable on Notes with a Digital Option pay-out, in respect of such Interest Basis, is determined by whether the applicable Digital Option Variable when compared to the product of (i) the Digital Option Strike and the (ii) Scaling Factor, satisfies the parameters of the relevant Digital Option Payment Condition. If so, then the Notes may bear interest at a fixed rate or at a floating rate based on an ISDA Determination or a Screen Rate Determination, which floating rate will also be subject to an Interest Multiplier and a Margin (each of which may independently be positive or negative). It is also possible that a minimum and maximum rate of interest is applied, such that the rate can not be below or exceed such collar boundaries. If the Digital Option Payment Condition is not satisfied, then either a fallback rate of interest based on similar methodologies may be applicable or no interest shall apply.

The Digital Option Variable will be a value of the relevant Reference Item that is determined for each Interest Period. The corresponding Digital Option Strike may either be (i) a specified level, price or rate or (ii) a value of the relevant Reference Item determined on a different basis to the Digital Option Variable.

Range Accrual: Range Accrual Notes will bear interest at a fixed or floating rate on each day within the relevant Interest Period for which the specified Range Accrual Condition is satisfied. Each Interest Amount payable on Range Accrual Notes in respect of such Interest Basis will depend on the number of days in the relevant Interest Period (N) on which the Reference Spread fixes at a level which satisfies the parameters for the applicable Range Accrual Condition. Such parameters will be set by reference to a specified Lower Threshold and, in certain cases, Upper Threshold. If the Reference Spread does not fix at a level satisfying the Range Accrual Condition on any of those days, then N will be zero and no Interest Amounts will be payable for such Interest Period. If N is greater than zero, then the applicable Range Accrual Rate of Interest will be the product of a multiplier (equal to N divided by the actual number of calendar days in such Interest Period (A)) and the specified fixed or floating rate, but capped at any specified Maximum Rate of Interest.

The "Reference Spread" (which could be negative) will be the spread of Variable 1 (based on a benchmark Reference Rate) over Variable 2 (which will be a benchmark Reference Rate or otherwise specified to be zero).

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 specify that Notes will be redeemed at par, a specified amount, by reference to the value(s) or credit of a Reference Item, or redeemable in two or more instalments and on such dates as are indicated in the applicable Final Terms.

	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 to be applicable 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 to be applicable 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 to be applicable in the applicable Final Terms, following a Merger Event, or in the case of Currency Linked Notes and if specified to be applicable 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*". The Notes may also redeem prior to their stated maturity if Issuer Call, Investor Put or Autocall Early Redemption are specified in the applicable Final Terms. If Notes are be redeemable at the option of the Issuer (where an Issuer Call is applicable) and/or the Noteholders (where an Investor Put is applicable) or if Autocall Early Redemption applies, 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.
Denomination of Notes:	A minimum of €100,000 (or its equivalent in any other currency).
Taxation:	If Condition 14*(a)* is specified to be applicable in the applicable Final Terms, all payments will be made without deduction or withholding on account of tax imposed within the Netherlands (in the case of payments by the Issuer) or Belgium (in the case of payments by the Guarantor) unless such deduction is required by law. In the event that any such deduction is required, the Issuer or the Guarantor will in general be required to pay additional amounts, subject to certain exemptions. If Condition 14*(b)* is specified to be 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 in connection with the Notes and all payments made by the Issuer or the Guarantor shall be made subject to any tax, duty, withholding or other payment which may be required.
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 approval 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*(c)* 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

This section sets out the principal risks inherent in investing in Notes issued under the Programme, including key risks relating to investments linked to the different underlyings or bases of reference.

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 ANY SUPPLEMENT, IF APPLICABLE) 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, FAILING WHICH, THE GUARANTOR, 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.

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RISK FACTORS RELATING TO THE ISSUER AND THE GUARANTOR

1 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.

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

2.1 Risks related to the market in which KBC Bank Group operates

2.1.1 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 Bank Group's financial condition, results of operations, liquidity and access to capital and credit. Since 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 continue to be 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 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 Group 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 Bank Group, a decline in the profitability of certain assets and a loss of liquidity in certain asset classes.

2.1.2 *Increased regulation of the financial services industry or changes thereto could have an adverse effect on KBC Bank Group'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 levels 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 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 Bank Group conducts its businesses subject to on-going 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 Bank Group does business. Changes in supervision and regulation, in particular in Belgium and Central and 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.

2.1.3 Risk associated with the highly competitive environment in which KBC Bank Group 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, 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 and 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.

2.1.4 Risks associated with liquidity and funding, which are inherent to KBC Bank Group'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 be adversely impacted by substantial outflows in deposits and asset management 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.

2.2 Risks related to KBC Bank Group and its business

2.2.1 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 Bank Group 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 and 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 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 Bank Group'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.

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

KBC Bank Group executes a wide range of derivatives transactions, such as 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.

2.2.3 Changes in interest rates, which are caused by many factors beyond KBC Bank Group's control, can have significant adverse effects 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 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 assets and liabilities, and any gap position resulting from the composition, causes KBC Bank Group's operations' net interest income to vary with changes in interest rates. In addition, variations in interest rate sensitivity may exist within the repricing periods and/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 businesses.

2.2.4 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.

2.2.5 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 and 2012 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.

2.2.6 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.

2.2.7 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 led to 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 materialise, 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.

2.2.8 KBC Bank Group 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:

- "ABSs" 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 collateralised 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.

2.2.9 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 18 November 2009, as amended on 27 July 2011 and further amended on 20 December 2012 in relation to the State guarantee. 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 led to the supervision of the European Union and the presence of government representatives on the board of directors of KBC Bank Group, thereby limiting KBC Bank Group's autonomy.

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 de-risk 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.

2.2.10 Whilst KBC Bank Group strictly manages its operational risks, these risks remain inherent to its business

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. Furthermore, KBC Bank Group's risk management policies, procedures and methods may leave it exposed to unidentified, unanticipated or incorrectly quantified risks, which could lead to material losses or material increases in liabilities. Like any other business, KBC Bank Group is also vulnerable to reputational risk and tries to mitigate and manage this as much as possible by always considering carefully all advantages and disadvantages of certain actions.

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.

2.2.11 KBC Bank Group's risk management policies, procedures and methods may leave it exposed to unidentified, 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 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.

2.2.12 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 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 endeavours to hedge such risks by implementing appropriate control processes tailored to its business, 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 endeavours 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.

2.2.13 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 materialise. 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 defences 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. See Section "Description of the Guarantor", subsection 21 "Litigation" below for further information.

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

2.2.14 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, amongst others, risks in a life insurance company and risks involving 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.

GENERAL RISK FACTORS RELATING TO THE NOTES

3 General risks associated with the Notes

3.1 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 key 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 any supplement thereto) and reach their own views prior to making any investment decision.

In addition an investment in Index Linked Notes, Equity Linked Notes, Inflation Linked Notes, Currency Linked Notes, Fund Linked Notes, Credit Linked Notes, Commodity Linked Notes (each as defined below) or other Notes linked to one or more interest rate, index/indices, equity security, inflation index, commodities, commodity indices, fund interest, credit of one or more specified entities and/or currency, may entail significant risks not associated with investments in a conventional debt security, including but not limited to, the risks set out in Section 8 Risks related to the structure of a particular issue of Notes set out below.

Some Notes are complex financial instruments. Sophisticated 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.

3.2 Unsubordinated obligations

All Notes will represent direct, unconditional, unsecured and unsubordinated obligations of the Issuer. All Notes will rank without any preference among themselves and (save to the extent that laws affecting creditors' rights generally in a bankruptcy or winding-up may give preference to any of such other obligations) equally with all other unsecured and unsubordinated obligations of the Issuer.

3.3 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 (the "Conditions"), whether in the case of interest payments or redemption payments following an early redemption event or

at maturity, in each case 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, 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.

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 (as defined under paragraph 4.5 below) 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.

3.4 Early Redemption due to Taxation

If Condition 14(*a*) applies, the Issuer may redeem all of the Notes in accordance with Condition 5(*b*) if, for reasons outside its control, it or the Guarantor would be unable after taking reasonable measures available to it to make payments of principal or Interest Amounts under the Notes or payments in respect of the Guarantee without having to pay additional amounts as a result of any change in, or amendment to, amongst other things, the laws or regulations of the Netherlands or Belgium, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes. Notes redeemed pursuant to Condition 5(*b*) will be redeemed at their Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

3.5 Early redemption due to Illegality or Change in Law

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 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 at their Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

3.6 Early Redemption Amount of Notes

The Notes may be redeemed and cancelled earlier than the date scheduled for redemption due to taxation, illegality or change in law, or for various other reasons depending on the particular structure and/or features of the Notes (see below). Notes, other than Zero Coupon Notes, Autocall Notes redeeming early following satisfaction of the Autocall Condition or Notes being redeemed following an Issuer Call (in respect of which, see below), will be redeemed at their applicable Early Redemption Amount, which will be (i) the Fixed Early Redemption Amount or the product of the Fixed Early Redemption Percentage and the nominal amount, as specified in the applicable Final Terms, together with accrued but unpaid interest if "Including Interest" is specified to be applicable in the applicable Final Terms or (ii) if no Fixed Early Redemption Amount or Fixed Early Redemption Percentage is specified in the applicable Final Terms, the fair market value thereof 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.

The Early Redemption Amount may be less than the nominal amount of such Note, and may not be sufficient such that if an investor were to reinvest such amount, it would, on the scheduled redemption date, be worth an amount equal to the nominal amount of such Note.

3.7 Modification, waivers and substitution

The Conditions 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 Conditions 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.

3.8 EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "Savings Directive"), EU Member States are required to provide to the tax authorities of another EU 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 EU Member State or to (or for the benefit of) certain limited types of entities established in that other EU 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. Investors should note that the current Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect as from 1 January 2015.

A number of non-EU countries (including Switzerland), and certain dependent or associated territories of certain EU 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 an EU Member State. In addition, the EU 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 an EU 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 an EU 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 an EU 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.

3.9 EU Crisis Management Framework

The European Commission has published proposals for a crisis management directive which is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The full scope of the directive and its impact on the

Guarantor is currently unclear but the implementation of the directive or the taking of any action under it could materially affect the value of any Notes.

In June 2012, the European Commission published a legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "CMD"). The stated aim of the draft CMD is to provide authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses. The powers provided to authorities in the draft CMD are divided into three categories: (i) preparatory steps and plans to minimise the risks of potential problems (preparation and prevention); (ii) in the event of incipient problems, powers to arrest a firm's deteriorating situation at an early stage so as to avoid insolvency (early intervention); and (iii) if insolvency of a firm presents a concern as regards the general public interest, a clear means to reorganise or wind down the firm in an orderly fashion while preserving its critical functions and limiting to the maximum extent any exposure of taxpayers to losses.

The draft CMD currently contains four resolution tools and powers: (i) sale of business – which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply; (ii) bridge institution – which enables resolution authorities to transfer of all or part of the business of the firm to a "bridge bank" (a publicly controlled entity); (iii) asset separation – which enables resolution authorities to transfer impaired or problem assets to an asset management vehicle to allow them to be managed and worked out over time; and (iv) bail in – which gives resolution authorities the power to write down the claims of unsecured creditors of a failing institution and to convert unsecured debt claims to equity (subject to certain parameters as to which liabilities would be eligible for the bail in tool).

On 4 June 2013 the Committee on Economic and Monetary Affairs within the European Parliament adopted a report in relation to the Commission's proposal. The draft CMD, as it may be amended pursuant to that report, contemplates that it will be implemented in Member States by 31 December 2014 except for the bail in tool which is to be implemented by 1 January 2016 and some other provisions, such as those related to the submission of recovery plans, the implementation of which will depend on the date on which the relevant technical standards will have been adopted. The powers currently set out in the draft CMD would impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. However, the proposed directive is not in final form and changes may be made to it in the course of the legislative process. Accordingly, it is not yet possible to assess the full impact of the draft CMD on the Guarantor and there can be no assurance that, once it is implemented, the fact of its implementation or the taking of any actions currently contemplated in it would not adversely affect the rights of Noteholders, the price or value of their investment in the Notes and/or the ability of the Guarantor to satisfy its obligations under the Guarantee.

3.10 Change of law

The Notes and the Guarantee will be governed by English law, except for Condition 2(*c*) of the Notes and Clause 6 of the Guarantee (and any non-contractual obligations arising therefrom or in connection therewith) which shall be governed by Belgian law. No assurance can be given as to the impact of any possible judicial decision or change to English law or Belgian law or administrative practice after the date of issue of the relevant Notes and any such change could materially adversely impact the value of any Notes affected by it.

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.

3.11 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 need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination in order to (i) receive a definitive Note in respect of such holding (should definitive Notes be printed) or (ii) be able to transfer its Notes (subject in all cases to the rules and procedures of the relevant clearing system).

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.

3.12 No taxation gross-up on certain issues of Notes

If Condition 14(*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.

Such Notes will not have the benefit of a gross up provision in respect of withholding taxes and deductions, meaning that Noteholders will take the risk of any applicable withholding taxes or deductions.

3.13 U.S. Foreign Account Tax Compliance Withholding

Whilst the Notes are in global form and held within Euroclear and Clearstream, Luxembourg (together, the "ICSDs"), in all but the most remote circumstances, it is not expected that FATCA (as defined in "Taxation – FATCA Withholding") will affect the amount of any payment received by the ICSDs (see "Taxation – FATCA Withholding" below). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the Common Depositary or Common Safekeeper (as the bearer of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the hands of the ICSDs and custodians or intermediaries. Please see "Taxation – FATCA Withholding" for more information on this legislation.

3.14 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 investors cannot solely rely upon the tax summary contained in this Base Prospectus or any Supplement.

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.

3.15 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.

3.16 Notes in new global note form

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global note. If so specified in the applicable Final Terms, the Notes may be issued in new global note ("NGN") form.

The NGN form has been introduced to allow for the possibility of Notes being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the "Eurosystem") and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time. Investors should make their own assessment as to whether the Notes meet such Eurosystem eligibility criteria.

3.17 Rounding adjustments

Investors should note that for purposes of calculating any Interest Amount or any Redemption Amount (including an Autocall Redemption Amount) (i) in respect of any calculations required, unless otherwise specified, all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded upwards) and (ii) monetary amounts will always be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the Specified Currency, 0.0005 (or, in the case of Japanese Yen, half of one unit) being rounded upwards. Further, where Notes are represented by a Global Note, Interest Amounts and Redemption Amounts shall be calculated by reference to the aggregate outstanding nominal amount of such Global Note, rather than per Calculation Amount, and rounded accordingly. As a result of such rounding, any such Interest Amounts and Redemption Amounts that are based on Reference Items may not entirely track the performance, price or level of the relevant Reference Item.

4 Additional risks with respect to specific types of Notes

A wide range of Notes may be issued under the Programme. Notes may have one or more features which contain particular risks for potential investors.

Notes may or may not bear interest. Interest Amounts and Redemption Amounts may be determined on a number of different bases and Notes may accrue separate Interest Amounts determined by reference to different methodologies (each, as specified in the applicable Final Terms, an "Interest Basis"). An investor's return on its investment in the Notes will depend, among other things, on the Interest Amounts and Redemption Amounts payable thereon.

4.1 Zero Coupon Notes

Except where the Notes bear interest on a separate Interest Basis or are redeemed early, Zero Coupon Notes will bear no interest and an investor will receive no return on the Notes until

redemption. Any investors holding these Notes will be subject to the risk that if the Notes are redeemed prior to their Maturity Date, an investor may not be able to reinvest the Amortised Face Amount (see below) so as to receive returns equivalent to the Final Redemption Amount that would, absent such early redemption, have been paid on the Maturity Date.

In general, the prices at which Zero Coupon Notes trade in the secondary market tend to fluctuate more in relation to general changes in interest rates than prices for conventional interest-bearing Notes. The longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing Notes with comparable maturities.

Zero Coupon Notes are also subject to different early redemption and late payment provisions (see Conditions 5(*f*)(ii) and 5(*m*)). In contrast to the scenario described in risk factor 3.6 above, the Early Redemption Amount for Zero Coupon Notes will be the Amortised Face Amount, which is calculated by discounting back to the relevant date of payment the amount that would otherwise have been payable at maturity, using the Amortisation Yield on an annual or semi-annual compounded basis (depending on what is specified in the applicable Final Terms).

Investors should also note that there are specific Dutch transfer restrictions for Zero Coupon Notes. Prospective Dutch Noteholders are advised to consult their professional tax advisors for further details in respect of the impact of the tax treatment on their respective investment portfolio.

4.2 Fixed Rate Notes

Fixed Rate Notes will bear interest at one or more fixed Rates of Interest, each of which will remain constant during the specified Interest Periods.

Fixed Rate Notes are subject to the risk that market interest rates increase (or fall insufficiently) during the life of the Notes with the consequence that the real return on the fixed rate element of such Notes, and the value of the Notes, may fall. Even if the Notes provide for the fixed Rate of Interest to increase during their term, any periodic increases may not keep pace with any increase in market interest rates. If the Notes provide for the fixed Rate of Interest to decrease during their term, investors are subject to the risk that the revised Rate of Interest will be below the then prevailing market interest rates and, even where market interest rates are falling, the reduction in the Rate of Interest on the Notes may be greater than any reduction in market interest rates.

The yield specified for Fixed Rate Notes is calculated at the Issue Date on the basis of the Issue Price, the fixed rate(s) of interest, the Final Redemption Amount and the original tenor of the Notes. Investors should note that this is not an indication of future yield unless the Notes are held until the Maturity Date.

4.3 The Issuer may issue Exempt Notes

The Issuer may issue Notes which do not require the publication of a prospectus in accordance with the Prospectus Directive ("Exempt Notes") under the Base Prospectus. Exempt Notes may be subject to other terms and conditions than the ones specified in the Base Prospectus and the Final Terms.

Investors should note that any information in connection with the issue of any Exempt Notes, will not be reviewed nor approved by the CSSF or any other competent authority.

Exempt Notes might be more complex and volatile than PD Notes.

Investors should carefully consider the additional risks in relation to Exempt Notes and seek professional advice as to whether or not Exempt Notes are a suitable investment in light of their investment portfolio.

4.4 Floating Rate Notes

Floating Rate Notes bear interest calculated by reference to a floating Rate of Interest (a "Reference Rate"), which will be subject to market fluctuations in that Reference Rate. Such Reference Rates may be subject to fallbacks if the relevant rate is not published (see Conditions

3(*b*)(ii)(A) and 3(*b*)(ii)(B)). Payments on the Notes may be delayed, or be of a lower quantum than expected, as a result.

The amount of interest payable on Floating Rate Notes will depend on which of the following Interest Variable Options is applicable: "ISDA Determination", Screen Rate Determination", "Rates Variance", "Asian Option – Interest Rates" or "Digital Option".

(i) ***ISDA Determination***

If "ISDA Determination" is applicable, the Variable Rate of Interest to be applied will be based on the relevant ISDA Rate, plus or minus the Margin (if any), after application of the Interest Multiplier (if any) to the resulting amount (see risk factor 8.3 below). Such Variable Rate of Interest will be capped at any specified Maximum Rate of Interest (see risk factor 8.4 below). In any case, the Variable Rate of Interest may be lower than market interest rates and lower than the rate of interest then payable by the Issuer on other floating rate securities.

(ii) ***Screen Rate Determination***

If "Screen Rate Determination" is applicable, the Variable Rate of Interest to be applied will be based on the relevant benchmark Reference Rate, plus or minus the Margin (if any), after application of the Interest Multiplier (if any) to the resulting amount (see risk factor 8.3 below). Such Variable Rate of Interest will be capped at any specified Maximum Rate of Interest (see risk factor 8.4 below). In any case, the Variable Rate of Interest may be lower than market interest rates and lower than the rate of interest then payable by the Issuer on other floating rate securities.

(iii) ***Rates Variance***

If "Rates Variance" is applicable, the Variable Rate of Interest to be applied will depend whether (i) the relevant value for $Rate_1$ (which may be a fixed percentage or based on a benchmark Reference Rate) is greater or less than (ii) the product (the "Variance Hurdle") of the relevant value for $Rate_2$ (which may be based on a benchmark Reference Rate or be a fixed percentage) and the applicable Scaling Factor (see risk factor 8.7).

Where the Interest Multiplier is positive, if the relevant value for $Rate_1$ does not exceed the Variance Hurdle, no Interest Amount will be payable in respect of such Interest Period unless the shortfall is less than any positive Margin applicable to the Notes. Even if the relevant value for $Rate_1$ does exceed the Variance Hurdle, such excess must be greater than any negative Margin for an Interest Amount to be payable.

Conversely, where the Interest Multiplier is negative, if the relevant value for $Rate_1$ exceeds the relevant Variance Hurdle, no Interest Amount will be payable in respect of such Interest Period unless the excess is greater than any negative Margin applicable to the Notes. Even if the relevant value for $Rate_1$ does not exceed the Variance Hurdle, the value of such shortfall must be greater than any positive Margin for an Interest Amount to be payable.

Subject to the relevant Interest Multiplier and Margin, the relevant performance of the rates shall affect the amount of interest, if any, payable to Noteholders. In any case, the Variable Rate of Interest may be lower than market interest rates and lower than the rate of interest then payable by the Issuer on other floating rate securities.

(iv) ***Digital Option***

If "Digital Option" is applicable, investors should consider risk factor 7.3 in connection with this risk factor 4.4.3.

(v) ***Asian Option – Interest Rates***

If "Asian Option – Interest Rates" is applicable, investors should consider risk factor 7.2 in connection with this risk factor 4.4.

The Final Terms may also specify specific redemption features. In case "Issuer Call" is specified, please see risk factor 8.8 - Notes subject to optional redemption by the Issuer. In case "Index Linked Redemption" is specified, please see risk factor 5.1 - Index Linked Redemption. In case "Equity Linked Redemption" is specified, please see risk factor 5.2 - Equity Linked Redemption. In case "Inflation Linked Redemption" is specified, please see risk factor 5.3 - Inflation Linked Redemption. In case "Currency Linked Redemption" is specified, please see risk factor 5.4 - Currency Linked Redemption. In case "Commodity Linked Redemption is specified, please see risk factor 5.6 - Commodity Linked Redemption. In case "Credit Linked Note" is specified, please see risk factor 5.7 - Credit Linked Redemption. In case "Partly Paid" is specified in the Final Terms, please see risk factor 8.5 Partly Paid Redemption.

4.5 Range Accrual Notes

Range Accrual Notes will bear interest at a fixed or floating rate on each day within the relevant Interest Period for which the specified Range Accrual Condition is satisfied. Given the potential fixed or floating rate of interest that is payable, the risks outlined in risk factors 4.2 and 4.4 above apply to Range Accrual Notes. In addition, certain risks arise in connection with the particular Range Accrual Condition that applies to such Notes.

The quantum of the Interest Amount will depend on the number of days in the relevant Interest Period (N) on which the "Reference Spread" fixes at a level which satisfies the parameters for the applicable Range Accrual Condition (see Condition 3(*c*)(iii)). Such parameters will be set by reference to a specified Lower Threshold and, in certain cases, Upper Threshold. If the Reference Spread does not fix at a level satisfying the Range Accrual Condition on any of those days, then N will be zero and no Interest Amounts will be payable for such Interest Period. If N is greater than zero, then the applicable Range Accrual Rate of Interest will be the product of a multiplier (equal to N divided by the actual number of calendar days in such Interest Period (A)) and the specified fixed or floating rate, but capped at any specified Maximum Rate of Interest (see risk factor 8.4 below).

The "Reference Spread" (which could be negative) will be the spread of Variable 1 (based on a benchmark Reference Rate) over Variable 2 (which will be a benchmark Reference Rate or otherwise specified to be zero). Consequently, the accrual of interest on Range Accrual Notes on any day (in other words, the value of N for any Interest Period) will depend on how the performance of Variable 1 (or, if Variable 2 is not zero, the relative performance of Variable 1 against Variable 2) compares with the parameters of the Range Accrual Condition. Small movements in the Reference Spread may, therefore, have very large effects on the value of the Notes and the amount of interest to be paid.

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 Fixed Rate or Floating Rate Note issued at the same time paying interest at a fixed or floating rate equal to the maximum potential fixed or floating rate payable on the Range Accrual Notes. This may have a detrimental effect on the market value of the Range Accrual Notes.

4.6 Reference Item Linked Notes

The Issuer may also issue Notes that pay Interest Amount(s) linked to an index, an underlying equity or a basket of underlying equities, an inflation index, a currency exchange rate, an underlying commodity or a basket of underlying commodities, a commodity index or a basket of commodity indices, underlying fund interest and/or basket of underlying fund interests (together with a Reference Rate, each a "Reference Item") and/or a Redemption Amount(s) the timing and/or quantum of which is linked to a Reference Item that is an index, an underlying equity or a basket of underlying equities, a commodity, a commodity index, underlying fund interest and/or basket of underlying fund interests or a currency exchange rate (together "Reference Item Linked Notes").

Reference Item Linked Notes involve a high degree of risk and may entail significant risks not associated with investments in a conventional debt security. 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.

If Notes are specified to be principal protected, they are principal protected only at maturity. If Notes are specified to be principal protected, such protection is nevertheless dependent on the Issuer, failing which, the Guarantor complying with its obligations with respect to the Notes. If such Notes redeem before their scheduled maturity, except in case of an Event of Default or where their Early Redemption Amount, Autocall Redemption Amount or Optional Redemption Amount (as applicable) is specified as a higher amount, they may return less than the principal protected amount or even zero. In the case of Notes paying a Redemption Amount linked to the Reference Item which are not principal protected (where the Floor % is specified as less than 100 per cent.), 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 Notes which bear interest linked to one or more Reference Items, the Interest Amount(s) 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 Amount.

Prospective investors in Reference Item Linked Notes should understand the risks inherent in linking the performance of the Notes to the relevant Reference Item(s) 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, and payments in respect of, the relevant Reference Item Linked Notes may relate, as specified in the applicable Final Terms.

As the Interest Amount(s) and Redemption Amount payable periodically or 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 knowledgeable as to, and take a view with respect to, the direction, timing and magnitude of an anticipated change in the value of the relevant Reference Item(s), considered in the context of the structure of such Notes.

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 periodic payments of Interest Amounts (if specified in the applicable Final Terms) and/or a Redemption Amount on the Maturity Date, all or some of which may be determined by reference to the performance of the relevant Reference Item(s).

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

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.

Unless otherwise redeemed or purchased and cancelled early, there is no return on Reference Item Linked Notes other than the potential payment of the relevant periodic Interest Amounts and/or Redemption Amount on maturity.

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.

Any information about the past performance of the Reference Item available at the time of issuance of the Notes should not be regarded as indicative of any future performance of such Reference Item, or as an indication of the range of, trends or fluctuations in the price or value of the Reference Item that may occur in the future. It is therefore not possible to predict the future value of the Notes based on such past performance.

4.7 Autocall Notes

Autocall Notes are a form of Reference Item Linked Note that shall be early redeemed if the parameters for the applicable Autocall Condition (see Condition 5(*e*)(iii)(I)) are satisfied in respect of any Autocall Observation Date. Such parameters will be set by reference to how the Autocall Variable (being the value or average value of the specified Reference Item to which the Autocall Notes are linked) performs against the product of (i) the Autocall Strike (being (i) a specified strike level, price or rate or (ii) a value or average value of the specified Reference Item) and the applicable Scaling Factor (see risk factor 8.7).

The Reference Items to which Autocall Notes may be linked are Index or Basket of Indices, Underlying Equity or Basket of Underlying Equities or Currency exchange rates. Prospective investors should also consider risk factor 4.6 above and the relevant sections of risk factor 5 relating to the specific Reference Item to which the Notes in which they wish to invest are linked.

Holders of Autocall Notes will receive the Autocall Redemption Amount together with any unpaid accrued interest thereon if the Autocall Condition is satisfied. The Autocall Redemption Amount shall either be a specified amount or an amount determined by reference to the performance of the relevant Reference Item over the specified observation period, subject to the application of the Scaling Factor (see risk factor 8.7) and the Autocall Multiplier (see risk factor 8.3).

Where the Autocall Redemption Amount is linked to the performance of the relevant Reference Item, unless the Floor % is specified in the applicable Final Terms to be greater than or equal to 100 per cent., the Autocall Redemption Amount could be less than the nominal amount of such Autocall Notes and investors could lose all or a significant portion of their investment.

5 Additional risks associated with Notes linked to a particular Reference Item

5.1 Index Linked Notes

(i) ***Features***

Index Linked Interest Notes and/or Index Linked Redemption Notes may be issued under the Programme (together "Index Linked Notes").

The amount of interest payable on Index Linked Interest Notes will depend on which of the following Interest Variable Options is specified: "Evolution of Index", "Asian Option – Index", "Digital Option", "Single Fixing – Index" or "Asian Fixing – Index". Prospective investors should consider the relevant sections of risk factor 7 relating to the specific Interest Variable Option specified for the Notes in which they wish to invest.

The Redemption Amount payable on Index Linked Redemption Notes is determined by reference to how the value (or, as applicable) average value of the specified Index determined at maturity has performed when compared against the product of (i) the initial value (or, as applicable) average value of the specified Index and (ii) the applicable Scaling Factor (see risk factor 8.7), with the result being multiplied by the relevant Index Redemption Multiplier (see risk factor 8.3). If such value at maturity is lower than the product of such initial value and the Scaling Factor, unless the Floor % is specified in the applicable Final Terms to be greater than or equal to 100 per cent., the Redemption Amount could be less than the nominal amount of such Index Linked Redemption Notes and investors could lose all or a significant portion of their investment.

(ii) ***Index Sponsor not responsible***

Index Linked Notes are not in any way sponsored, endorsed, sold or promoted by the Index Sponsor of the relevant Index and the Index Sponsor makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the Index and/or the figure at which the Index stands at any particular time on any particular day or otherwise. An investor's decision to invest in the Index Linked Notes should be made without reliance on the Index Sponsor. The Index Sponsor shall not be liable (whether in negligence or otherwise) for any loss, damages, costs, charges, expenses or other liabilities including, without limitation, liability for any special, punitive, indirect or consequential damages, even if notified of the possibility of such damages to any person for any error in the Index and the Index Sponsor shall not be under any obligation to advise any person of an error therein.

(iii) ***Factors affecting the performance of the Index may adversely affect the value of the Notes***

An Index or a basket of Indices will comprise a synthetic portfolio of shares (or synthetic portfolio of indices linked to shares, as the case may be) and, as such, the performance of an Index or basket of Indices is dependent upon the macroeconomic factors relating to the shares that comprise such Index or Indices, which may include interest rates and price levels on the capital markets, currency developments, political factors and company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy.

(iv) ***Exposure to Index adjustments and correction of Index Levels***

The Calculation Agent has broad discretion to make certain determinations and adjustments, to replace the original index or basket of indices with another and/or to cause early redemption of the Index Linked Notes, any of which may be adverse to Noteholders in connection with an Index Modification, Index Cancellation or Index Disruption. The Calculation Agent may determine that the consequence of any such event is to make adjustments to the Index Linked Notes or to replace such Index or the value of such Index with another or to cause early redemption of the Index Linked Notes. The Calculation Agent may (subject to the terms and conditions of the relevant Index Linked Notes) also amend the relevant Reference Price (being the level of the Index) due to corrections in the level reported by the Index Sponsor.

(v) ***Loss of return of dividends in respect of most Index Linked Notes***

The rules governing the composition and calculation of the relevant underlying Index might stipulate that dividends distributed on its components do not lead to a rise in the Index level, for example, if it is a "price" index, which may lead to a decrease in the Index level if all other circumstances remain the same. As a result, in such cases, the Noteholders in respect of Index Linked Notes will not participate in dividends or other distributions paid on the components comprising the Index. Even if the rules of the relevant underlying Index provide that distributed dividends or other distributions of the components are reinvested in the Index and therefore result in raising its level, in some circumstances, the dividends or other distributions may not be fully reinvested in such Index.

(vi) ***A change in the composition or discontinuance of an Index could adversely affect the market value of the Notes***

The Index Sponsor of any Index can add, delete or substitute the components of such Index or make other methodological changes that could change the level of one or more components. The modification of components of any Index may affect the level of such Index, as a newly added component may perform significantly worse or better than the component it replaces, which in turn may affect the payments made by the Issuer to the Noteholders. The sponsor of any such Index may also alter, discontinue or suspend calculation or dissemination of such Index. The Index Sponsor of an Index will have no involvement in the offer and sale of the Index Linked Notes and will have no obligation to any investor in such Notes. The Index Sponsor may take any actions in respect of such Index without regard to the interests of the investor in the Index Linked Notes, and any of these actions could adversely affect the market value of the Index Linked Notes.

(vii) ***Exposure to the risk that returns on the Index Linked Notes do not reflect direct investment in underlying equities comprising the Index***

The return payable on Index Linked Notes may not reflect the return an investor would realise if it actually owned the relevant equities comprising the components of the Index. For example, Noteholders will not receive any dividends paid on those shares and will not participate in the return on those dividends unless the relevant Index takes such dividends into account for purposes of calculating the relevant level. Similarly, Noteholders will not have any voting rights in the underlying equities or any other assets which may comprise the components of the relevant Index. Accordingly, Noteholders holding Index Linked Redemption Notes may receive a lower payment upon redemption of such Notes than such investor would have received if it had invested in the components of the Index directly.

5.2 Equity Linked Notes

(i) ***Features***

Equity Linked Interest Notes and/or Equity Linked Redemption Notes may be issued under the Programme (together the "Equity Linked Notes").

The amount of interest payable on Equity Linked Interest Notes will depend on which of the following Interest Variable Options is specified: "Evolution of Underlying Equity" or "Evolution of Basket of Underlying Equities", "Asian Option – Underlying Equity" or "Asian Option – Basket of Underlying Equities" or "Digital Option". Prospective investors should consider the relevant sections of risk factor 7 relating to the specific Interest Variable Option specified for the Notes in which they wish to invest.

The Redemption Amount payable on Equity Linked Redemption Notes is determined by reference to how the value (or, as applicable) average value of the specified Underlying Equity / Basket of Underlying Equities determined at maturity has performed when compared against the product of (i) the initial value (or, as applicable) average value of the specified Underlying Equity / Basket of Underlying Equities and the applicable Scaling Factor (see risk factor 8.7), with the result being multiplied by the relevant Equity Redemption Multiplier (see risk factor 8.3). If such value at maturity is lower than the product of such initial value and the Scaling Factor, unless the Floor % is specified in the applicable Final Terms to be greater than or equal to 100 per cent., the Redemption Amount could be less than the nominal amount of such Equity Linked Redemption Notes and investors could lose all or a significant portion of their investment.

(ii) ***Factors affecting the performance of the Underlying Equities may adversely affect the value of the Equity Linked Notes***

The performance of equities is dependent upon macroeconomic factors, such as interest rates and price levels on the capital markets, currency developments, political factors

and company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy.

(iii) ***Determinations made by the Calculation Agent in respect of Potential Adjustment Events, other relevant events or Additional Disruption Events may have an adverse effect on the value of the Equity Linked Notes***

In case a specified Potential Adjustment Event occurs which according to the Calculation Agent has a diluting, concentrative or other effect on the theoretical value of the Underlying Equity or Equities, or where other extraordinary events occur that comprise a De-listing, Merger Event, Nationalisation and Insolvency and/or Tender Offer in relation to an Underlying Equity or Equity Issuer, (i) the Calculation Agent has broad discretion (in certain cases at the direction of the Issuer) to make certain determinations to account for such event, including to make adjustments to the terms of the Equity Linked Notes and/or (ii) (in the case of such other specified extraordinary events) the Issuer may early redeem the Equity Linked Notes. Any of the abovementioned determinations may have an adverse effect on the value of the Equity Linked Notes.

(iv) ***No claim against the Equity Issuer of the Underlying Equities or recourse to the Underlying Equities***

Equity Linked Notes do not represent a claim against or an investment in any Equity Issuer to which they are linked and Noteholders will not have any right of recourse under such Notes to any such Equity Issuer or the equities. The Equity Linked Notes are not in any way sponsored, endorsed or promoted by any Equity Issuer and such companies have no obligation to take into account the consequences of their actions for any Noteholders. Accordingly, the Equity Issuer may take any actions in respect of such Underlying Equity without regard to the interests of the Noteholders, and any of these actions could adversely affect the market value of the Equity Linked Notes.

In the case of Equity Linked Notes relating to Underlying Equities, no Equity Issuer will have participated in the preparation of the relevant Conditions and/or Final Terms of the Equity Linked Notes and neither the Issuer nor any Dealer will make any investigation or enquiry in connection with such offering with respect to the information concerning any such Equity Issuer 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 (including events that would affect the accuracy or completeness of the publicly available documents described in this paragraph or in any relevant Final Terms) that would affect the trading price of the Underlying Equities will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an Equity Issuer could affect the trading price of the Underlying Equities and therefore the trading price of the Equity Linked Notes.

5.3 Inflation Linked Notes

(i) ***Features***

Inflation Linked Interest Notes and/or Inflation Linked Redemption Notes may be issued under the Programme (together the "Inflation Linked Notes").

The amount of interest payable on Inflation Linked Interest Notes will depend on which of the following Interest Variable Options is specified: "Evolution of Inflation", "Asian Option – Inflation or "Digital Option". Prospective investors should consider the relevant sections of risk factor 7 relating to the specific Interest Variable Option specified for the Notes in which they wish to invest.

The Redemption Amount payable on Inflation Linked Redemption Notes is determined by reference to how the value (or, as applicable) average value of the specified Inflation Index determined at maturity has performed when compared against the product of (i) the initial value of the specified Inflation Index and the applicable Scaling Factor (see

risk factor 8.7), with the result being multiplied by the relevant Inflation Redemption Multiplier (see risk factor 8.3). If such value at maturity is lower than the product of the initial value and the Scaling Factor, unless the Floor % is specified in the applicable Final Terms to be greater than or equal to 100 per cent., the Redemption Amount could be less than the nominal amount of such Inflation Linked Redemption Notes and investors could lose all or a significant portion of their investment.

(ii) ***Inflation Index Sponsor not responsible***

Inflation Linked Notes are not in any way sponsored, endorsed, sold or promoted by the Inflation Index Sponsor of the relevant Inflation Index and the Inflation Index Sponsor makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the Inflation Index and/or the figure at which the Inflation Index stands at any particular time on any particular day or otherwise. An investor's decision to invest in the Inflation Linked Notes should be made without reliance on the Inflation Index Sponsor. The Inflation Index Sponsor shall not be liable (whether in negligence or otherwise) for any loss, damages, costs, charges, expenses or other liabilities including, without limitation, liability for any special, punitive, indirect or consequential damages, even if notified of the possibility of such damages to any person for any error in the Inflation Index and the Inflation Index Sponsor shall not be under any obligation to advise any person of an error therein.

(iii) ***Factors affecting the performance of the Inflation Index may adversely affect the value of the Inflation Linked Notes***

Movements in the level of the Inflation Index 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 may affect the actual yield to investors, even if the average level is consistent with their expectations.

Many economic and market factors may influence the value of Inflation Linked Notes including, inter alia, (i) general economic, financial, political or regulatory conditions; (ii) fluctuations in the prices of various consumer goods and energy resources; and (iii) inflation and expectations concerning inflation. Any such factors may either offset or magnify each other.

(iv) ***Adjustments by the Calculation Agent and corrections of certain manifest errors***

The Calculation Agent will adjust or replace the Inflation Index in accordance with Condition 8 when it determines there is a delay in the publication of the Inflation Index, a cessation of publication of the Inflation Index, a manifest error in the publication of the Inflation Index, a rebasing of the Inflation Index or a material modification prior to the relevant payment date. The Calculation Agent may (subject to the terms and conditions of the relevant Inflation Linked Notes) also amend the relevant Reference Price (being the level of the Inflation Index) due to corrections in the level reported by the Index Sponsor to remedy a manifest error within 30 days of publishing. Any corrections published thereafter will be disregarded for the purpose of the Inflation Linked Notes.

In certain circumstances where the Inflation Index has not been published or announced by the Inflation Index Sponsor for two consecutive months or such other specified period and/or an Inflation Index Sponsor announces that it will no longer continue to publish or announce such Inflation Index, the Calculation Agent may make such adjustment(s) to the Conditions as 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 shall redeem all the Inflation Linked Notes at their Early Redemption Amount.

5.4 Currency Linked Notes

(i) ***Features***

Currency Linked Interest Notes and/or Currency Linked Redemption Notes may be issued under the Programme.

The amount of interest payable on Currency Linked Interest Notes will depend on which of the following Interest Variable Options is specified: ""Evolution of Currency", "Asian Option – Currency" or "Digital Option. Prospective investors should consider the relevant sections of risk factor 7 relating to the specific Interest Variable Option specified for the Notes in which they wish to invest.

The Redemption Amount payable on Currency Linked Redemption Notes is determined by reference to how the value (or, as applicable) average value of the Specified Currency exchange rate determined upon issue has changed when compared against the product of (i) the value (or, as applicable) average value of the Specified Currency exchange rate at maturity and (ii) the applicable Scaling Factor (see risk factor 8.7), with the result being multiplied by the relevant Currency Redemption Multiplier (see risk factor 8.3). If such value upon issue was lower than the product of such value at maturity and the Scaling Factor, then unless the Floor % is specified in the applicable Final Terms to be greater than or equal to 100 per cent., the Redemption Amount could be less than the nominal amount of such Currency Linked Redemption Notes and investors could lose all or a significant portion of their investment.

(ii) ***Factors affecting the performance of the relevant foreign exchange rate may adversely affect the value of the Currency Linked Notes***

The foreign exchange rate(s) to which the Notes are linked will affect the nature and value of the investment return on the Currency Linked Notes. The performance of foreign exchange rates is dependent upon the supply and demand for currencies in the international foreign exchange markets, which are subject to economic factors, including inflation rates in the countries concerned, interest rate differences between the respective countries, economic forecasts, international political factors, currency convertibility and safety of making financial investments in the currency concerned, speculation and measures taken by governments and central banks. Such measures include, without limitation, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by devaluation or revaluation of a currency or imposition of exchange controls with respect to the exchange or transfer of a Specified Currency that would affect exchange rates and the availability of a Specified Currency.

(iii) ***Market disruption***

If a Currency Disruption Event occurs, the calculation method of the Interest Amount and/or Redemption Amount (as applicable) for the Currency Linked Notes may be adjusted or the Currency Linked Notes may be early redeemed.

In case any Valuation Date on which a Reference Price is scheduled to be determined is a Disrupted Day, the Calculation Agent may in its sole and absolute discretion (i) deduct from the relevant Interest Amount and/or Redemption Amount an amount calculated by the Calculation Agent as representing the 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) postpone any date for payment of the relevant Interest Amount; and/or (iii) in the case of a "Price Source Disruption", specify and adopt an appropriate alternate fallback or alternative price or rate source or method of determination selected by the Calculation Agent in its sole discretion or a replacement of any one or more relevant currencies, as the case may be; and/or (iv) redeem all of the Currency Linked Notes at their Early Redemption Amount. Notwithstanding the above, if such a Valuation Date relates to an Averaging Payment, such Valuation Date will be deemed not to be a relevant Valuation Date for the purposes of determining the relevant Interest Amount and/or Redemption Amount in accordance with the above unless, through operation of this provision, there would not be any Valuation Date with respect to the date for payment of the relevant Interest Amount or Redemption Amount.

(iv) ***The Issuer and the Guarantor are major foreign exchange dealers and are subject to conflicts of interest***

Investors should note that certain Affiliates of the Issuer are regular participants in the foreign exchange markets and in the ordinary course of their business may effect transactions for their own account or for the account of their customers and hold long and short positions in currencies and related derivatives, including in the currencies of the relevant foreign exchange rate(s). Such transactions may affect the relevant foreign exchange Rate(s), the market price, liquidity or value of the Currency Linked Notes and could be adverse to the interests of Noteholders. No Affiliate of the Issuer has any duty to enter into such transactions in a manner which is favourable to Currency Linked Notes. See risk factor 3.3 Conflicts of interest.

(v) ***Currencies of emerging markets jurisdictions pose particular risks***

Currency Linked Notes linked to emerging market currencies may experience greater volatility and less certainty as to the future levels of such emerging market currencies or their rate of exchange as against other currencies. See risk factor 6.2.

5.5 Fund Linked Interest Notes

(i) ***Features***

Fund Linked Interest Notes may be issued under the Programme.

The amount of interest payable on Fund Linked Interest Notes will depend on which of the following Interest Variable Options is specified: "Evolution of Fund Interests" or "Evolution of Basket of Underlying Fund Interests"; "Asian Option – Basket of Underlying Fund Interests" or "Asian Option – Underlying Fund Interest" or "Digital Option". Prospective Investors should consider the relevant sections of risk factor 7 relating to the specific Interest Variable Option specified for the Notes in which they wish to invest.

(ii) ***Factors affecting the performance of the underlying fund may adversely affect the value of the Fund Linked Interest 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: (i) risk associated with price changes of financial instruments held by the underlying fund; (ii) risk associated with the liquidity of the financial instruments held by the Underlying Fund; (iii) risk associated with currency denomination where the Underlying Fund has an investment in securities denominated in a currency other than that the Underlying Fund is denominated in; (iv) risk associated with the use of derivatives by the Underlying Fund.

(iii) ***Factors affecting the performance of the fund service providers may adversely affect the value of the Fund Linked Interest Notes***

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 and conditions 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 Fund Linked Interest 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 Fund Linked Interest 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 carefully review the applicable Final Terms and the terms and conditions 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.

(iv) ***The Fund Interest may under certain circumstances by substituted or adjusted***

If a Fund Extraordinary Event or a Fund Potential Adjustment Event occurs, prospective purchasers should note that the Fund Linked Interest 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 the Conditions of the Fund Linked Interest Notes, or (C) the Issuer may also redeem the Fund Linked Interest 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 Fund Linked Interest Notes and/or may delay any applicable interest payments in the case of Fund Linked Interest Notes. Prospective purchasers should review the Conditions of the Fund Linked Interest Notes and the applicable Final Terms to ascertain whether and how such provisions apply to such Notes.

The market price of Fund Linked Interest 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.

5.6 Commodity Linked Notes

(i) ***Features***

Commodity Linked Interest Notes and/or Commodity Linked Redemption Notes may be issued under the Programme (together the "Commodity Linked Notes").

The amount of interest payable on Commodity Linked Interest Notes will depend on which of the following Interest Variable Options is specified: "Evolution of Underlying Commodity", "Evolution of Basket of Underlying Commodities", "Evolution of Commodity Index" or "Evolution of Basket of Commodity Indices"; "Asian Option – Basket of Underlying Commodities", "Asian Option – Underlying Commodity", "Asian Option – Basket of Commodity Indices" or "Asian Option – Commodity Index" or "Digital Option".

The Redemption Amount payable on Commodity Linked Redemption Notes is determined by reference to how the value (or, as applicable) average value of the specified Commodity determined at maturity has performed when compared against the product of (i) the initial value of the specified Commodity and (ii) the applicable Scaling Factor (see risk factor 8.7), with the result being multiplied by the relevant Commodity Redemption Multiplier (see risk factor 8.3). If such value at maturity is lower than the product of the initial value and the Scaling Factor, unless the Floor % is specified in the applicable Final Terms to be greater than or equal to 100 per cent., the Redemption Amount could be less than the nominal amount of such Commodity Linked Redemption Notes and investors could lose all or a significant portion of their investment.

(ii) ***Factors affecting the performance of the Commodities or the Commodity Index may adversely affect the value of the 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.

(iii) ***Commodity futures markets are highly volatile***

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.

(iv) ***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***

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 Commodity Linked 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 Underlying Commodities.

(v) ***There is an imperfect correlation between the commodity spot markets and the commodity futures contracts.***

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.

5.7 Credit Linked Notes

(i) ***Features***

Credit Linked Notes may be issued under the Programme which are Notes where the amount of interest payable 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 where, if such events have occurred, the Issuer's obligation on redemption is to deliver certain specified assets.

(ii) ***General risks relating to Credit Linked Notes***

Prospective investors in any such Notes should be aware that depending on their terms (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.

(iii) ***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 Credit Linked Notes are redeemed following the occurrence of a Credit Event, the amount payable in respect of the Credit Linked 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 12 and the definitions of Credit Event Redemption Date, Valuation Date, and any other provision of Condition 12 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 12 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 12 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 Credit Linked Notes:

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

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 12(*d*), (*e*) and (*f*).

6 Additional risks associated with Reference Item Linked Notes

6.1 Specific hedging risks relating to Reference Item Linked Notes

Prospective purchasers intending to purchase Notes to hedge against the market risk associated with investing in the Reference Item(s) relating thereto, should recognise the complexities of utilising Notes in this manner. For example, the value of the Notes may not exactly correlate with the value of the relevant Reference Item(s). Due to fluctuating supply and demand for the Notes, there is no assurance that their value will correlate with movements of the relevant Reference Item(s). For these reasons, among others, it may not be possible to purchase or liquidate Notes in a portfolio at the prices used to calculate the value of any relevant Reference Item(s).

6.2 Emerging market

Where the Notes relate to Reference Items which involve emerging market countries, investors should note that the risk of the occurrence and the severity of the consequences of the matters described herein may be greater than they would otherwise be in relation to more developed countries.

Notes that are linked to Reference Items involving an emerging market should be considered speculative. Economies in emerging markets generally are heavily dependent upon international trade and, accordingly, may be affected adversely by trade barriers, foreign exchange controls (including taxes), managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also may be affected adversely by their economic, financial, military and political conditions and the supply and demand for such currency in the global markets.

7 Risks associated with particular structured interest pay-outs

7.1 Evolution Interest pay-outs

Reference Item Linked Notes that bear interest by reference to the change in value of the relevant Reference Item over a specified observation period have similar characteristics and give rise to certain common risks. Whilst the risks connected with the particular Reference Item will differ (see the relevant section of risk factor 5 in this respect), investors in the following types Notes should consider the further risks highlighted below: (i) Index Linked Interest Notes for which the Interest Variable Option is specified to be Evolution of Index, (ii) Equity Linked Interest Notes for which the Interest Variable Option is specified to be Evolution of Underlying Equity or Evolution of Basket of Underlying Equities, (iii) Inflation Linked Interest Notes for

which the Interest Variable Option is specified to be Evolution of Inflation, (iv) Currency Linked Interest Notes for which the Interest Variable Option is specified to be Evolution of Currency, (v) Fund Interest Linked Notes for which the Interest Variable Option is specified to be Evolution of Fund Interests or Evolution of Basket of Underlying Fund Interests and (vi) Commodity Linked Interest Notes for which the Interest Variable Option is specified to be Evolution of Underlying Commodity, Evolution of Basket of Underlying Commodities, Evolution of Commodity Index or Evolution of Basket of Commodity Indices.

Each Interest Amount payable on such Notes is determined by reference to how (i) the value of the specified Reference Item determined for the relevant interest period (the "Latest Value") has increased or decreased from (ii) the product of the Scaling Factor (see risk factor 8.7) and the value for the immediately preceding interest period (or, for the first variable rate, the initial value) (the "Previous Value" and, after application of the Scaling Factor, the "Evolution Hurdle Value"). Such increase or decrease in value is expressed as a percentage of the Previous Value (the "Evolution"), following which the Margin (if any) is added or subtracted and the result is multiplied by the applicable Interest Multiplier (see risk factor 8.3).

Currency Linked Interest Notes differ as a result of the basis on which currency exchange rates are published, such that the Latest Value and Previous Value are reversed (the Previous Value is compared with the product of (i) the Scaling Factor (see risk factor 8.7) and (ii) the Latest Value (such product being the "Evolution Hurdle Value" for the purposes of Currency Linked Interest Notes). Otherwise, the pay-out operates identically.

Where the Interest Multiplier is positive, if such Latest Value (or, in respect of Currency Linked Interest Notes, the Previous Value) does not exceed the relevant Evolution Hurdle Value, no Interest Amount will be payable in respect of such Interest Period unless the shortfall when presented as a percentage against the Previous Value (or, in respect of Currency Linked Interest Notes, the Latest Value) is less than any positive Margin applicable to the Notes. Even if the Latest Value (or, in respect of Currency Linked Interest Notes, the Previous Value) does exceed the relevant Evolution Hurdle Value, such excess when presented as a percentage against the Previous Value (or, in respect of Currency Linked Interest Notes, the Latest Value) must be greater than any negative Margin for an Interest Amount to be payable.

Conversely, where the Interest Multiplier is negative, if such Latest Value (or, in respect of Currency Linked Interest Notes, the Previous Value) exceeds the relevant Evolution Hurdle Value, no Interest Amount will be payable in respect of such Interest Period unless the excess when presented as a percentage against the Previous Value (or, in respect of Currency Linked Interest Notes, the Latest Value) is greater than any negative Margin applicable to the Notes. Even if the Latest Value (or, in respect of Currency Linked Interest Notes, the Previous Value) does not exceed the relevant Evolution Hurdle Value, the value of such shortfall when presented as a percentage against the Previous Value (or, in respect of Currency Linked Interest Notes, the Latest Value) must be greater than any positive Margin for an Interest Amount to be payable.

Subject to the relevant Interest Multiplier, Margin and Reference Item to which such Notes are linked, the performance of the relevant Reference Item shall affect the amount of interest, if any, payable to Noteholders.

7.2 Asian Option pay-outs

Reference Item Linked Notes that bear interest by reference to the average value of the relevant Reference Item over a number (n) of specified observation dates in respect of an Interest Period have similar characteristics and give rise to certain common risks. Whilst the risks connected with the particular Reference Item will differ (see the relevant section of risk factor 5 in this respect), investors in the following types Notes should consider the risks highlighted below: (i) Floating Rate Notes for which the Interest Variable Option is specified to be Asian Option – Interest Rates, (ii) Index Linked Interest Notes for which the Interest Variable Option is specified to be Asian Option – Index, (iii) Equity Linked Interest Notes for which the Interest Variable Option is specified to be Asian Option – Underlying Equity / Basket of Underlying Equities, (iv) Inflation Linked Interest Notes for which the Interest Variable Option is specified to be Asian Option – Inflation, (v) Currency Linked Interest Notes for which the Interest Variable Option is specified to be Asian Option – Currency, (vi) Fund Linked Interest Notes for

which the Interest Variable Option is specified to be Asian Option – Underlying Fund Interest/Basket of Underlying Fund Interests, and (vii) Commodity Linked Interest Notes for which the Interest Variable Option is specified to be Asian Option – Underlying Commodity/Basket of Underlying Commodities or Asian Option – Commodity Index/Basket of Commodity Indices.

Each Interest Amount payable on such Notes is determined by reference to how (i) the average of the values of the specified Reference Item that could be determined for each of the "n" observation dates relating to the relevant interest period (the result, after application of any of the potential adjustments below, the "Latest Average Value") has increased or decreased from (ii) the product of the Scaling Factor (see risk factor 8.7) and the average of the values of the Reference Item determined for the initially specified observation dates (the "Initial Value" and, after application of the Scaling Factor, the "Asian Hurdle Value"). Such increase or decrease in average value is expressed as a percentage of the Initial Value (the "Asian Performance"), following which the Margin (if any) is added or subtracted and the result is multiplied by the applicable Interest Multiplier (see risk factor 8.3).

Currency Linked Interest Notes differ as a result of the basis on which currency exchange rates are published, such that the Latest Average Value and Initial Value are reversed (the Initial Value being compared with the product of (i) the Scaling Factor (see risk factor 8.7) and (ii) the Latest Average Value (such product being the "Asian Hurdle Value" for the purposes of Currency Linked Interest Notes). Otherwise, the pay-out operates identically.

Floating Rate Notes also differ when applying an Asian Option Interest Variable Option, such that the Interest Amount is solely based on the Latest Average Value, plus or minus the Margin (if any), with the result being multiplied by the applicable Interest Multiplier (see risk factor 8.3). This is because Rates Variance (see risk factor 4.4.2) covers the relative change in interest rates over a specified observation period.

Where the Interest Multiplier is positive (excluding Floating Rate Notes for this purpose), if such Latest Average Value (or, in respect of Currency Linked Interest Notes, the Initial Value) does not exceed the relevant Asian Hurdle Value, no Interest Amount will be payable in respect of such Interest Period unless the shortfall when presented as a percentage against the Initial Value (or, in respect of Currency Linked Interest Notes, the Latest Average Value) is less than any positive Margin applicable to the Notes. Even if the Latest Average Value (or, in respect of Currency Linked Interest Notes, the Initial Value) does exceed the relevant Asian Hurdle Value, such excess when presented as a percentage against the Initial Value (or, in respect of Currency Linked Interest Notes, the Latest Average Value) must be greater than any negative Margin for an Interest Amount to be payable.

Conversely, where the Interest Multiplier is negative, if such Latest Average Value (or, in respect of Currency Linked Interest Notes, the Initial Value) exceeds the relevant Asian Hurdle Value, no Interest Amount will be payable in respect of such Interest Period unless the excess when presented as a percentage against the Initial Value (or, in respect of Currency Linked Interest Notes, the Latest Average Value) is greater than any negative Margin applicable to the Notes. Even if the Latest Average Value (or, in respect of Currency Linked Interest Notes, the Initial Value) does not exceed the relevant Asian Hurdle Value, the value of such shortfall when presented as a percentage against the Initial Value (or, in respect of Currency Linked Interest Notes, the Latest Average Value) must be greater than any positive Margin for an Interest Amount to be payable.

Subject to the relevant Interest Multiplier, Margin and Reference Item to which such Notes are linked, the performance of the relevant Reference Item shall affect the amount of interest, if any, payable to Noteholders.

Where the price, level, or rate of the applicable Reference Item is unable to be determined on the relevant observation date contemplated under the Conditions of the Notes, then the Calculation Agent will apply different fallback adjustment mechanisms to deal with such disruption event. Such adjustments may result in that relevant observation date being omitted, postponed or replaced with a different observation date that is not otherwise used for such Interest Period, in each case depending on what type of Reference Item the Notes are linked to

and what elections are made in the applicable Final Terms. The relevant adjustment mechanism may reduce the number of averaging dates (n) that are used to determine the value of the Reference Item or result in the same value being used more than once.

7.3 Digital Option pay-outs

Reference Item Linked Notes with Digital Option pay-outs will bear interest that depends on whether the relevant Digital Option Payment Condition is satisfied for the relevant Interest Period. Whilst the risks connected with the particular Reference Item will differ (see the relevant section of risk factor 5 in this respect), investors in the following types Notes should consider the risks highlighted below: Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Inflation Linked Interest Notes, Currency Linked Interest Notes, Fund Linked Notes and Commodity Linked Notes in each case for which the Interest Variable Option is specified to be Digital Option.

If the Digital Option Variable, when compared to the product of (i) the Digital Option Strike and the (ii) Scaling Factor, satisfies the parameters of the relevant Digital Option Payment Condition, then the Notes may bear interest at a fixed rate or at a floating rate based on an ISDA Determination or a Screen Rate Determination, which floating rate may be subject to an Interest Multiplier and a Margin (each of which may independently be positive or negative). It is also possible that a minimum and maximum rate of interest is applied, such that the rate can not be below or exceed such collar boundaries. If the Digital Option Payment Condition is not satisfied, then either a fallback rate of interest based on similar methodologies may be applicable or no interest shall apply. Consequently, depending on the particular terms of such Notes, investors should also consider in particular risk factors 4.2, 8.3, 8.4 and 8.7.

The Digital Option Variable will be a value of the relevant Reference Item that is determined for each Interest Period. The corresponding Digital Option Strike may either be (i) a specified level, price or rate or (ii) a value of the relevant Reference Item determined on a different basis to the Digital Option Variable.

Small movements in the Digital Option Variable may have very large effects on the value of the Notes and the Interest Amounts to be paid. The market value of Digital Option Notes are typically more volatile than market value of other conventional Floating Rate or Reference Item Linked Notes or other equivalent interest bearing Notes linked to the same interest variables and prospective investors in such Notes should note that, in certain circumstances, they may not receive any interest.

7.4 Single Fixing – Index and Asian Fixing – Index

Index Linked Interest Notes with an Interest Variable Option specified as Single Fixing – Index or Asian Fixing – Index will bear interest depending on the value or average value of the relevant Index that is determined for a particular Interest Period.

If the Interest Multiplier is positive and such value or average value, when divided by the specified Denominator, is less than any negative Margin, no Interest Amount will be payable. If the Interest Multiplier is negative and such value or average value, when divided by the specified Denominator, is greater than any negative Margin, no Interest Amount will be payable.

Subject to the relevant Interest Multiplier, Margin and Denominator, the performance of the relevant Index shall affect the amount of interest, if any, payable to Noteholders.

8 Further risks related to particular features that may apply to an issue of Notes

A wide range of additional features may apply to Notes issued under the Programme. A number of these features give rise to particular risks for potential investors.

8.1 Notes with more than one Interest Basis

Notes may bear interest on different Interest Bases. In such case, investors should carefully review the applicable Conditions and the risk factors for each specified Interest Basis together.

8.2 Notes issued at a substantial discount or premium

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

8.3 Notes with Multipliers

Notes with variable interest rates and redemption payments can be volatile investments. Where any one or more of an Interest Multiplier, Autocall Multiplier, Index Redemption Multiplier, Equity Redemption Multiplier, Inflation Redemption Multiplier, Currency Redemption Multiplier or Commodity Redemption Multiplier (each, a "Multiplier") applies to the Notes, their market value may be even more volatile than for Notes that do not include such feature(s).

The Multiplier will determine the level of exposure of the investor to the Reference Item and will be specified as a percentage. A Multiplier (other than an Autocall Multiplier) may be a positive or a negative number.

If the Multiplier is lower than 100 per cent., it may reduce the effects of the gains and losses on the Reference Item. If the Reference Item is performing well, Noteholders will not benefit from the positive performance of the underlying Reference Item to the fullest extent.

If the Multiplier is higher than 100 per cent., the exposure of the Noteholders to the effects of the losses and gains on the Reference Item will be increased. If the Reference Item is not performing well, investors may receive a lower Interest Amount, Redemption Amount or Autocall Redemption Amount.

If a Multiplier is specified as a negative percentage, investors will generally benefit from under-performance of the relevant Reference Item, subject to the application of a Scaling Factor and/or Margin.

8.4 Notes where a Minimum and/or Maximum Rate of Interest applies

Notes where a Minimum and/or Maximum Rate of Interest applies, will be less exposed to the positive and negative performance or fluctuations of the Reference Item.

Notes where a Minimum Rate of Interest or a Floor Rate or Floor % applies to a particular Interest Basis, have an interest rate that is subject to a minimum specified rate. The minimum Interest Amount payable in respect of such Interest Basis will occur when the applicable formula leads to a Rate of Interest which is lower than the minimum specified rate, in which case the Rate of Interest will be limited to the Minimum Rate of Interest specified in the Final Terms.

Investors in such Notes will therefore not be subject to any decreases in the relevant Reference Rate or value of the Reference Item which would otherwise have led to an interest rate below the minimum specified rate. The investor will be protected, to the extent of the applicable Minimum Rate of Interest, from the negative performance of the Reference Item or the decreasing Reference Rate.

Notes where a Maximum Rate of Interest or Cap Rate or Cap % applies to a particular Interest Basis, have an interest rate that is subject to a maximum specified rate. The maximum Interest Amount payable in respect of such Interest Basis will occur when the applicable formula leads to a Rate of Interest which is higher than the maximum specified rate, in which case the Rate of Interest will be limited to the Maximum Rate of Interest specified in the Final Terms. Investors in such Notes will therefore not benefit from any increase in the relevant Reference Rate or value of the Reference Item which 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 maximum specified rate.

8.5 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. Partly Paid Notes shall always be Exempt Notes.

8.6 Investor Put

The Issuer may issue Notes where the Noteholders benefit from an option which may require the Issuer to redeem such Notes prior to their scheduled Maturity Date.

The Notes will only be redeemed by the Issuer provided at least 80 per cent. of all Noteholders, acting in concert, request redemption of their Notes prior to maturity. There is a risk that, although the majority of the Noteholders agrees to exercise the investor put, none of the Noteholders is entitled to obtain early redemption because the requisite majority of 80 per cent. has not been met.

There will be a time lag between the time the Noteholders give the instruction to redeem or cancel and the time the relevant Optional Redemption Amount, is determined by the Calculation Agent.

Such time lag could be significantly longer, however, particularly in the case of a delay in the redemption or cancellation of Notes arising from the occurrence of a Disrupted Day or a Market Disruption Event (if applicable), or following the imposition of any exchange controls or similar regulations affecting the ability to obtain or exchange any relevant currency (or basket of currencies). The applicable Optional Redemption Amount may change significantly during any such period.

8.7 Scaling Factor

A Scaling Factor other than 100 per cent. will change both the extent to which the Reference Item's performance must vary in order to create a payment for the Noteholders, and the quantum of such payment. Depending on the other variables applicable to the Notes, in particular whether there is a negative Interest Multiplier, a Scaling Factor may or may not be detrimental to Noteholders' interests.

If any Interest Amount or Redemption Amount is based on the positive performance (requiring an increase in value) of the Reference Item during the relevant Interest Period or the term of the Notes, the application of a Scaling Factor of less than 100 per cent. to the initial value of such Reference Item will increase both the likelihood of such payment becoming due and its ultimate quantum. Conversely, if such a Scaling Factor were greater than 100 per cent., then the Reference Item will have to perform to a greater extent to ensure that it exceeds the initial value multiplied by the Scaling Factor.

Generally, if a Reference Item is applied to Notes in conjunction with a Multiplier greater than 100 per cent. or contains some other leverage factor, such as the Scaling Factor, the effect of changes in the Reference Item on the principal or Interest Amount payable is likely to be magnified.

8.8 Notes subject to optional redemption by the Issuer

An optional redemption feature permitting the Issuer to call the Notes early is likely to limit the market value of Notes. If the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the Optional Redemption Amount at which they would be redeemed.

The Issuer may be expected to redeem all the 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.

8.9 Cessation of Reference Rate

If the Reference Rate required to make calculations on the Notes has ceased to be calculated and/or published and the Calculation Agent determines no successor or replacement rate to have been established, the Issuer may redeem the Notes at their Early Redemption Amount together (if appropriate) with accrued interest. At such time, Noteholders may 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.

8.10 Proposals to reform LIBOR

A change in the method of calculation or discontinuance of the London Inter-Bank Offered Rate ("LIBOR"), which is a floating rate, could have a negative impact on the value of any Notes where any payment of an Interest Amount is linked in whole, or in part, to LIBOR ("LIBOR-linked Notes"). The current administrator of LIBOR is the British Bankers' Association ("BBA"), but there are proposals to replace the BBA in such role. Any new administrator of LIBOR may make methodological changes that could adversely affect the value of LIBOR-linked Securities. Any new administrator of LIBOR may also discontinue or suspend calculation or dissemination of LIBOR. No administrator of LIBOR will have any obligation to any investor in respect of LIBOR-linked Notes and as such, the administrator may take actions in respect of LIBOR that could have a negative effect on the value of LIBOR-linked Notes.

In addition, the proposals suggest reducing the number of currencies and tenors for which LIBOR is calculated. If the rate of interest on the Notes is calculated with reference to a discontinued tenor or currency, this could result in the rate of interest being lower than anticipated and have a negative effect on the value of the LIBOR-linked Notes.

The proposals to reform LIBOR include forcing more banks to provide LIBOR submissions and basing these submissions on data from actual transactions. This may cause LIBOR to be more volatile than it has been in the past which may adversely affect the value of the LIBOR-linked Notes. If the Calculation Agent determines that the Reference Rate (which may be LIBOR or otherwise) has ceased to be calculated and/or published and no successor or replacement rate has been established therefor, the Issuer may redeem the Notes at the Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

8.11 Additional Disruption Events

The Issuer may specify in the Final Terms any of the following Additional Disruption Events: "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) as Additional Disruption Event.

In case such specified Disruption Event occurs, the Issuer may in its sole discretion (a) require the Calculation Agent to determine the appropriate adjustment to the Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or (b) redeem all Notes at the Early Redemption Amount.

8.12 Alternative Currency Provisions

If the applicable Final Terms specify that "Alternative Currency Provisions" are applicable, then if the Issuer in agreement with the Calculation Agent determines that it would be commercially impracticable for the Issuer to satisfy any payment obligation in respect of the Notes when due in the Scheduled Currency as a result of a Specified Currency Disruption Event, the Issuer in its sole and absolute discretion may either (i) postpone the obligation to pay, (ii) replace the payment obligation by an obligation to make payment of the Alternative Currency Equivalent or (iii) redeem all but not part of the Notes.

Investors should note that in case the obligation to pay is being postponed, the relevant payment will be due on the date so postponed (within the Maximum Alternative Currency Number

Business Days), investors shall receive no Interest Amounts or other sums payable in respect of the postponement of the payment of such amount.

Investors should note that the Calculation Agent shall determine any alternative rate or currency in a commercially reasonable manner. There is risk that the amounts to be paid to investors will therefore be determined in a manner other than what investors may have expected.

In making any determination in respect of any Specified Currency Disruption Event, neither the Issuer nor the Calculation Agent shall have regard to any interests arising from circumstances particular to any one or more Noteholders (whatever their number), and, in particular, but without limitation, shall not have regard to the consequences of any such determination for any one or more Noteholders (whatever their number), resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof.

No Noteholder shall be entitled to claim, from the Issuer or the Calculation Agent or any other person any indemnification or payment in respect of any tax consequences or other losses of any such determination upon individual any Noteholders.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 13 by the Issuer or the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Noteholders.

9 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:

9.1 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.

9.2 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.

9.3 Exchange rate risks and exchange controls

The Issuer will pay principal and any Interest Amounts 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 or the ability of the Issuer or the Guarantor to make payment in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

9.4 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.

9.5 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). The list of registered and certified rating agencies published by the European Notes and Markets Authority ("ESMA") on its website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a

relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms.

9.6 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

This section incorporates by reference selected publicly available information regarding the Issuer and the Guarantor that should be read in conjunction with this Base Prospectus.

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 by reference, and form part of, this Base Prospectus:

(a) the audited non-consolidated annual financial statements of the Issuer for the financial years ended 31 December 2011 and 31 December 2012, together, in each case, with the related auditors' report;

(b) the audited consolidated annual financial statements of the Guarantor for the financial years ended 31 December 2011 and 31 December 2012, together, in each case, with the related auditors' report; and

(c) the press release dated 25 April 2013 "KBC Group 2012 reference figures according to the new business unit breakdown"; and

(d) the base prospectus dated 27 June 2012 relating to the EUR 25,000,000,000 Wholesale Euro Medium Term Note Programme of KBC Internationale Financieringsmaatschappij N.V. and guaranteed by KBC Bank 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 official list of 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*"

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The information incorporated by reference that is not included in the cross-reference list is considered as additional information and is not required by the relevant schedules of the Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements.

GENERAL DESCRIPTION OF THE PROGRAMME

This section contains a general overview of the different types of Notes which can be issued under 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 year), 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 Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as completed 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 Index Linked Notes, Equity Linked Notes, Inflation Linked Notes, Currency Linked Notes, Commodity Linked Notes, Fund Linked Notes, Credit 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 FINAL TERMS

This section sets out a template for the Final Terms to be used for each specific Notes issuance.

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 Conditions of the relevant Notes):

[*Date*]

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

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 4 July 2013,[as supplemented by a supplement dated [●] ,] [together] the "Base Prospectus", which [together] constitute[s] a base prospectus for the purposes of 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, the Guarantor 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 [is] [and the supplements 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.]

[*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 4 July 2013 [as supplemented by a supplement dated [●],] ([together] the "Base Prospectus"). 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 4 July 2013 which constitutes a base prospectus for the purposes of the Prospectus Directive save in respect of the Conditions which are extracted from the base prospectus dated [27 June 2012] and are incorporated by reference in the Base Prospectus dated 4 July 2013. Full information on the Issuer, the Guarantor 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] (with respect to conditions set forth herein) and the Base Prospectus dated 4 July 2013 (other than with respect to Conditions set forth herein [and the supplement dated [●]]. Copies of such Base Prospectus dated 4 July 2013 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. Copies of the base prospectus dated [27 June 2012] are available at www.kbc.be. [A copy of the Final Terms will be available on the website of the Luxembourg Stock Exchange at www.bourse.lu.]

[*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.*]

GENERAL DESCRIPTION OF THE NOTES

1	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]
	(iii)	Date on which the Notes will be consolidated and form a single Series:	[The notes will be consolidated and form a single Series with [*identify earlier Tranches*] on the [the Issue Date/exchange of the Temporary Global Note for interest in the Permanent Global Note, as referred to in paragraph [37] below, which is expected to occur on or about [*date*]][Not Applicable]
2	Specified Currency:		[●]
3	Aggregate Nominal Amount:		
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
4	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*]]
5	(i)	Specified Denominations:	[●] *(If only one Specified Denomination, insert the Specified Denomination.)*
	(ii)	Calculation Amount:	[●] *(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	Issue Date:		[●]
7	(i)	Maturity 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").
	(ii)	Business Day Convention for Maturity Date:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ Not Applicable]
	(iii)	Additional Business Centre(s):	[Not Applicable]/[*specify other financial centres required for the Business Day definition*]
8	Interest Basis		[Fixed Rate Notes] [Floating Rate Notes] [Zero Coupon Notes] [Range Accrual Notes] [Index Linked Interest Notes] [Equity Linked Interest Notes] [Inflation Linked Interest Notes] [Currency Linked Interest Notes] [Fund Linked Interest Notes] [Commodity Linked Interest Notes] [non-interest bearing]

(*Specify one or more Interest Bas(is)(es) that appl(ies)(y) and specify further particulars in paragraphs 13 to 23 below, as applicable*)

9 Redemption/Payment Basis: [Fixed Redemption Notes]

[Partly Paid Notes]

[Instalment Notes]

[Autocall Notes]

[Index Linked Redemption Notes]

[Equity Linked Redemption Notes]

[Inflation Linked Redemption Notes]

[Currency Linked Redemption Notes]

[Commodity Linked Redemption Notes]

[Credit Linked Notes]

(*Specify one or more Redemption/Payment Bas(is)(es) that appl(ies)(y) and specify further particulars in paragraphs 27 to 37 below, as applicable*)

10 Put/Call Options:

(i) Investor Put: [Applicable][Not Applicable]
(*further particulars specified in paragraph 26 below*)

(ii) Issuer Call: [Applicable][Not Applicable]
(*further particulars specified in paragraph 25 below*)

11 Tax Gross-Up: [Condition 14*(a)* applicable]/[Condition 14*(b)* applicable]

(N.B. Only one of Conditions 14(a) and 14(b) should be specified as applicable. If Condition 14(a) is specified as applicable, Condition 5(b) will be applicable. If Condition 14(b) is specified as applicable, Condition 5(b) will not be applicable)

12 Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13 **Fixed Rate Notes** [Applicable/Not Applicable]

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

(i) Rate[s] of Interest: [[●] per cent. per annum]

[**Rate of Interest**	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent. per annum	[●]	[●]
[●] per cent. per annum	[●]	[●]
[●] per cent. per annum	[●]	[●]]

(Use table format if there are different Rates of Interest for specific Interest Periods)

[Payable annually/semi-annually/quarterly/monthly in arrear]

(ii) Interest Commencement Date: [●]/[Issue Date]

(iii) 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*)

(iv)	Business Day Convention for Interest Period End Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
(v)	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]
(vi)	Business Day Convention for Interest Payment Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
(vii)	Additional Business Centre(s):	[Not Applicable][*please specify other financial centres required for the Business Day definition*]
(viii)	Fixed 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]
(ix)	Determination Date(s):	[[●] in each year][Not Applicable] *(Insert regular Interest Period End Dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.* *This will need to be amended where Interest Periods are not of equal duration. NB: Only relevant where Fixed Day Count Fraction is Actual/Actual (ICMA)*)
14	**Floating Rate Notes**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Interest Commencement Date:	[●]/[Issue Date]
(ii)	Interest Period End Dates:	[●] 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:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
(iv)	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]
(v)	Business Day Convention for Interest Payment Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
(vi)	Additional Business Centre(s):	[Not Applicable][*please specify other financial centres required for the Business Day definition*]
(vii)	Interest Variable Option:	[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)*
(viii) Party responsible for calculating the Variable Rate(s) of Interest and Interest Amount(s):	[Agent/Calculation Agent/*specify other*]
(ix) Interest Multiplier:	[[+/-][100]/[●] per cent.][As set out under Digital Option below] *(This may be a negative value.)*
(x) Margin:	[[+/-] [●] per cent. per annum][As set out under Digital Option below]
(xi) ISDA Determination	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
[– Floating Rate Option	[●]
– Designated Maturity	[●]
– Reset Date	[The first day of each Interest Period/[●]]]
(xii) Screen Rate Determination:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
– [Reference Rate:	[LIBOR][EURIBOR][CMS]
– Interest Determination Date(s):	[●]/[Standard IDD]
– 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) Rates Variance:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
– $Rate_1$:	[[●] per cent. per annum] [As determined in accordance with the following elections:
– $Rate_1$ Variable Option:	[ISDA Determination] [Screen Rate Determination] *(Include the below if ISDA Determination is applicable)*
– [Floating Rate Option:	[Not Applicable / [●]]
– Designated Maturity:	[Not Applicable / [●]]
– Reset Date:	[Not Applicable / The first day of each Interest Period/[●]]] *(Include the below if Screen Rate Determination is applicable)*

– [Reference Rate: [LIBOR] [EURIBOR][CMS rate]

– Interest Determination Date(s): [Not Applicable /
[●]/[Standard IDD]
(Specify as necessary)]

– Relevant Screen Page: [Not Applicable /
[[●]
[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]
[Screen Rate Determination]
(Include the below if ISDA Determination is applicable)

– [Floating Rate Option: [Not Applicable /
[●]]

– Designated Maturity: [Not Applicable /
[●]]

– Reset Date: [Not Applicable /
The first day of each Interest Period/[●]]]
(Include the below if Screen Rate Determination is applicable)

– [Reference Rate: [LIBOR] [EURIBOR] [CMS rate]

– Interest Determination Date(s): [Not Applicable /
[●]/[Standard IDD]
(Specify as necessary)]

– Relevant Screen Page: [Not Applicable /
[●]
[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)]]

– Scaling Factor: [[100]/[●] per cent.]

[**Scaling Factor** **Interest Period**

	From (and including)	**To (but excluding)**
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]]

(xiv) Asian Option – Interest Rates: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

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

– $Rate_t$ Variable Option: [ISDA Determination]
[Screen Rate Determination]
(If ISDA Determination applies, insert relevant information below for determining $Rate_t$)

– [Floating Rate Option:] [Not Applicable/[●]]

– Designated Maturity: [Not Applicable/[●]]

– Reset Date: [Not Applicable /The first day of each Interest Period/[●]]]

(If Screen Rate Determination applies, insert relevant information below for determining $Rate_{i)}$

– [Reference Rate: [LIBOR][EURIBOR][CMS]

– Interest Determination Dates(s):

[Interest Determination Dates	**Interest Period**	
	From (and including)	**To (but excluding)**
[●], [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]]

(Insert the different Interest Determination Date(s) for the purpose of determining each $Rate_{i)}$]

– Relevant Screen Page: [Not Applicable/[●]

[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)]]

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

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

– Digital Option Type: Interest Rates

– Reference Rate: [LIBOR][EURIBOR][CMS]

– Interest Determination Date(s): [●]/[Standard IDD]

(Specify as necessary)

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

– Digital Option Variable Interest Determination Method: [ISDA Determination]
[Screen Rate Determination]

(insert the below if ISDA Determination applies)

– [Floating Rate Option:] [LIBOR][EURIBOR][CMS]

– Designated Maturity: [●]

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

(insert the below if Screen Rate Determination applies)

– [Reference Rate: [LIBOR][EURIBOR][CMS]

– Interest Determination Date(s): [●]/[Standard IDD]

(Specify as necessary)

– 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.

[ISDA Determination]

[Screen Rate Determination]

(If ISDA Determination applies, insert the below information for determining Digital Option Variable)

– [Floating Rate Option: [Not Applicable/[●]]

– Designated Maturity: [Not Applicable/[●]]

– Reset Date: [Not Applicable/The first day of each Interest Period/[●]]]

(If Screen Rate Determination applies, insert the below information for determining Digital Option Variable)

– [Reference Rate: [LIBOR][EURIBOR][CMS]

– Interest Determination Date(s): [●]/[Standard IDD]

(Specify as necessary.)

– 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)]]

– Interest Multiplier: [+/-][100]/[●] per cent.

(This may be a negative value.)

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

– Scaling Factor [[100]/[●] per cent.]

[**Scaling Factor** **Interest Period**

	From (and including)	**To (but excluding)**
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]]

– Digital Option Exercised Rate: [[●] per cent. per annum]

[As determined in accordance with the Digital Option Payment Determination Method]

– Digital Option Payment Determination Method:	[Not Applicable] [ISDA Determination] [Screen Rate Determination] [Collar – ISDA Rate] [Collar – Screen Rate] *(If ISDA Determination or Collar – ISDA Rate applies, insert relevant information for determining Digital Option Exercised Rate)*
– [Floating Rate Option:	[LIBOR][EURIBOR][CMS]
– Designated Maturity:	[●]
– Reset Date:	[first day of the relevant Interest Period][●]] *(If Screen Rate Determination or Collar - Screen Rate applies, insert relevant information for determining Digital Option Exercised Rate)*
– [Reference Rate:	[LIBOR][EURIBOR][CMS]
– Interest Determination Date(s):	[●]/[Standard IDD] *(Specify as necessary)*
– 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 as Digital Option Payment Determination Method, insert the below information)*
– [Cap Rate:	[●]/[Infinity]
– Floor Rate:	[●]/[Zero]
– Collar Margin:	[+/-] [●] per cent. per annum]
– Interest Multiplier:	[+/-][100]/[●] per cent. *(This may be a negative value.)*
– Margin:	[+/-] [●] per cent. per annum
– Digital Option Fallback Rate:	[Zero] [[●] per cent. per annum] [ISDA Determination] [Screen Rate Determination] [Collar – ISDA Rate] [Collar – Screen Rate] *(If ISDA Determination or Collar – ISDA Rate applies, insert relevant information for determining Digital Option Fallback Rate)*
– [Floating Rate Option:	[LIBOR][EURIBOR][CMS]
– Designated Maturity:	[●]
– Reset Date:	[first day of the relevant Interest Period][●]]

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

– [Reference Rate: [LIBOR][EURIBOR][CMS]

– Interest Determination Date(s): [●]/[Standard IDD]
(Specify as necessary)

– 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 as Digital Option Fallback Rate, insert the below information)*

– [Cap Rate: [●]/[Infinity]

– Floor Rate: [●]/[Zero]

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

– Interest Multiplier: [+/-][100]/[●] per cent.
(This may be a negative value.)

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

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

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

(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)

(xviii) 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]

15 **Range Accrual Notes** [Applicable/Not Applicable]

(i) Interest Commencement Date: [●]/[Issue Date]

(ii) Interest Period End Dates: [[●] in each year, starting on [●], up to and including [the Maturity Date][●]]/[Interest Payment Dates will correspond to Interest Period End Dates]

(iii) Business Day Convention for Interest Period End Dates: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]

(iv) 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]

(v) Business Day Convention for Interest Payment Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
(vi) Additional Business Centre(s):	[●] (*please specify other financial centres required for the Business Day definition)*
(vii) Minimum Range Accrual Rate of Interest:	[●] per cent. per annum
(viii) Maximum Range Accrual 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]
(x) RA Base Rate:	[Fixed Rate: [●] per cent. per annum]: [ISDA Determination] [Screen Rate Determination] (*If ISDA Determination applies, insert relevant information below*)
– [Floating Rate Option:	[Not Applicable/[●]]
– Designated Maturity:	[Not Applicable/[●]]
– Reset Date:	[Not Applicable/The first day of each Interest Period/[●]]]
	(*If Screen Rate Determination applies, insert relevant information below*)
– [Reference Rate:	[LIBOR][EURIBOR][CMS]
– Interest Determination Date(s):	[●]/[Standard IDD] *(Specify as necessary)*
– 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)*]
(xi) Variable 1:	Applicable (*If ISDA Determination applies, insert relevant information below*)
– [Floating Rate Option:	[Not Applicable/[●]]
– Designated Maturity:	[Not Applicable/[●]]
– Reset Date:	[Not Applicable/The first day of each Interest Period/[●]]]
	(*If Screen Rate Determination applies, insert relevant information below*)

	– [Reference Rate:	[LIBOR] [EURIBOR] [CMS]
	– Interest Determination Date(s):	[●]/[Standard IDD] *(Specify as necessary)*
	– 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 2:	[Applicable] [Not Applicable] *(There need not be a Variable 2 – If not applicable, delete the remaining sub-paragraphs of this paragraph)* (*If ISDA Determination applies, insert relevant information below*)
	– [Floating Rate Option:	[Not Applicable/[●]]
	– Designated Maturity:	[Not Applicable/[●]]
	– Reset Date:	[Not Applicable/The first day of each Interest Period/[●]]] (*If Screen Rate Determination applies, insert relevant information below*)
	– [Reference Rate:	[LIBOR] [EURIBOR] [CMS]
	– Interest Determination Date(s):	[●]/[Standard IDD] *(Specify as necessary)*
	– 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)	Upper Threshold:	[●] per cent.
(xiv)	Lower Threshold:	[●] per cent.
(xv)	Range Accrual Condition:	[Between (Inclusive)] [Between (Exclusive)] [Greater Than Lower Threshold] [Greater Than Or Equal To Lower Threshold] [Less Than Lower Threshold] [Less Than Or Equal To Lower Threshold]]
16	**Zero Coupon Notes**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Amortisation Yield:	[●] per cent. per annum
(ii)	Amortisation Yield Compounding Basis:	[annually/semi-annually]
17	**Index Linked Interest Notes**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Interest Commencement Date:	[●]/[Issue Date]
(ii)	Interest Period End Dates:	[[●] in each year, starting on [●], up to and including [the Maturity Date][●]]/[Interest Payment Dates will correspond to

		Interest Period End Dates]
(iii)	Business Day Convention for Interest Period End Dates:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
(iv)	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]
(v)	Business Day Convention for Interest Payment Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
(vi)	Additional Business Centre(s):	[●] (*please specify other financial centres required for the Business Day definition)*
(vii)	Interest Variable Option:	[Evolution of Index] [Evolution of Basket of Indices] [Asian Option – Index] [Asian Option – Basket of Indices] [Digital Option] [Single Fixing – Index] [Asian Fixing – Index] *(Depending on the applicable Interest Variable Option selected, insert the relevant variables within the corresponding paragraph below)*
(viii)	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]
(ix)	Whether the Notes relate to a basket of indices or a single index, and the identity of the relevant index/indices and details of the relevant Sponsors:	Index: *[name and short description of type of index]* Index Sponsor: *[specify]* Multiplier (per cent.): *[specify]* Exchange: *[specify]* Related Exchange: [All Exchanges]*[specify]* Designated Multi-Exchange Index: [Applicable][Not Applicable] Valuation Time: *[specify]* [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*)

[The following apply only to Notes with an index basket component]:

A basket composed of Indices as specified below:

Index:	[*name and short description of type of index.]*
Index Sponsor:	[*specify*]
Multiplier (per cent.):	[*specify*]
Exchange:	[*specify*]
Related Exchange:	[All Exchanges][*specify*]
Designated Multi-Exchange Index:	[Applicable][Not Applicable]
Valuation Time:	[*specify*]

[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*)

[*Replicate the details in respect of each Index in the Basket*]

(x) Interest Multiplier: [[+/-][100]/[●] per cent.][As set out under Digital Option below]

(This may be a negative value.)

(xi) Margin: [[+/-] [●] per cent. per annum][As set out under Digital Option below]

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

(xiii) 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)

(xiv) Index Linked Interest Payment Extension Number: [●]

(xv) Valuation Time: [Condition 6*(d)* applies/*other*]

(xvii) 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].

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

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

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

– Valuation Dates:

[Valuation Date$_t$	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]]

– $Index_{initial}$ Valuation Date: [●]

– Scaling Factor: [[100]/[●] per cent.]

[**Scaling Factor**	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]]

(xx) Evolution of Basket of Indices: [Applicable/Not Applicable]

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

– Valuation Dates:

[Valuation Date$_t$	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]]

– Index Basket$_{initial}$ Valuation Date: [●]

– Scaling Factor: [[100]/[●] per cent.]

[**Scaling Factor**	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]]

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

– Index$_{initial}$ Valuation Date(s): [●],[●],[●]

– Valuation Dates:

[Valuation Dates$_t$	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]. [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]]

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

– Scaling Factor: [[100]/[●] per cent.]

[**Scaling Factor**	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]]

– Averaging Disruption Provisions: [Omission]/[Postponement]/[Modified Postponement]/[Not Applicable]

(xxii) Asian Option – Basket of Indices: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

– Index Basket$_{initial}$ Valuation Date(s): [●],[●],[●]

– Valuation Dates:

[Valuation Dates$_t$	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]. [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]]

(*Insert the different Valuation Dates for the purpose of determining each Index Basket$_t$*)

– Scaling Factor: [[100]/[●] per cent.]

[**Scaling Factor**	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]]

– Averaging Disruption Provisions: [Omission]/[Postponement]/[Modified Postponement]/[Not Applicable]

(xxiii) Digital Option: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph. If applicable, insert the relevant variables within the corresponding paragraph below)

– Digital Option Type: [Index] [Basket of Indices]

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

– Valuation Dates:

[Valuation Date	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]]

– Digital Option Strike: [[●]
(Insert relevant level or specify Index Determination and insert the relevant Variables within the corresponding paragraph below)
[Index Determination

– Valuation Dates:

Valuation Date	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

– Scaling Factor: [[100]/[●] per cent.]

[**Scaling Factor**

	Interest Period	
	From (and including)	**To (but excluding)**
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]

– Digital Option Exercised Rate: [[●] per cent. per annum]

[As determined in accordance with the Digital Option Payment Determination Method]

– Digital Option Payment Determination Method: [Not applicable]

[ISDA Determination]

[Screen Rate Determination]

[Collar – ISDA Rate]

[Collar – Screen Rate]

(If ISDA Determination or Collar – ISDA Rate applies, insert relevant information for determination Digital Option Exercised Rate)

– [Floating Rate Option: [LIBOR][EURIBOR][CMS]

– Designated Maturity: [●]

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

(If Screen Rate Determination or Collar – Screen Rate applies, insert relevant information for determining Digital Option Exercised Rate)

– [Reference Rate: [LIBOR][EURIBOR][CMS]

– Interest Determination Date(s): [●]/[Standard IDD]

(Specify as necessary)

– 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 as Digital Option Payment Determination Method, insert the below information)*

– [Cap Rate: [●]/[Infinity]

– Floor Rate: [●]/[Zero]

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

– Interest Multiplier: [+/-][100]/[●] per cent.

(This may be a negative value.)

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

– Digital Option Fallback Rate: [Zero]
[[●] per cent. per annum]
[ISDA Determination]
[Screen Rate Determination]
[Collar – ISDA Rate]
[Collar – Screen Rate]
(If ISDA Determination or Collar – ISDA Rate applies, insert relevant information for determination Digital Option Exercised Rate)

– [Floating Rate Option: [LIBOR][EURIBOR][CMS]

– Designated Maturity: [●]

– Reset Date: [first day of the relevant Interest Period][●]]
(If Screen Rate Determination or Collar – Screen Rate applies, insert relevant information for determining Digital Option Fallback Rate)

– [Reference Rate: [LIBOR][EURIBOR][CMS]

– Interest Determination Date(s): [●]/[Standard IDD]
(Specify as necessary)

– 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 as Digital Option Fallback Rate, insert the below information)*

– [Cap Rate: [●]/[Infinity]

– Floor Rate: [●]/[Zero]

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

– Interest Multiplier: [+/-][100]/[●] per cent.
(This may be a negative value.)

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

(xxiv) Single Fixing – Index: [Applicable]/[Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph)*

– Denominator: [●]

– Valuation Dates:

[Valuation Date$_t$	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]]

(xxv) Asian Fixing – Index: [Applicable]/[Not Applicable]

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

– Denominator: [●]

– Valuation Dates:

[Valuation Dates$_t$	Interest Period	
	From (and including)	**To (but excluding)**
[●], [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]]

(*Insert the different Valuation Dates for the purpose of determining each Index$_t$*)]

– Averaging Disruption Provisions: [Omission]/[Postponement]/[Modified Postponement]/[Not Applicable]

18 **Equity Linked Interest Notes** [Applicable/Not Applicable]

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

(i) Interest Commencement Date: [●]/[Issue Date]

(ii) Interest Period End Dates: [[●] in each year, starting on [●], up to and including [the Maturity Date][●]]/[Interest Payment Dates will correspond to Interest Period End Dates]

(iii) Business Day Convention for Interest Period End Dates: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]

(iv) 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]

(v) Business Day Convention for Interest Payment Dates: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]

(vi) Additional Business Centre(s): [*specify other financial centres required for the Business Day definition*][Not Applicable]

(vii) Interest Variable Option: [Evolution of Underlying Equity]

[Evolution of Basket of Underlying Equities]

[Asian Option – Underlying Equity]

[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)

(viii) 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]
(ix)	The identity of the relevant Equity Issuer(s) of the equity security/equity securities in the basket:	[*Give or annex details of the relevant Underlying Equities/Underlying Equity, as applicable*]: ***[The following apply only to Notes which have a single equity component]:*** Underlying Equity: *[name and short description of type of shares]* issued by the Equity Issuer (ISIN: [●]) Underlying Equity Currency: *[specify]* Equity Issuer: *[specify]* Exchange: *[specify]* Related Exchange: [All Exchanges]*[specify]* ***[The following apply only to Notes with an equity basket component]:*** A basket composed of Underlying Equities in the relative proportions of Underlying Equities of each Equity Issuer specified below: Underlying Equity: *[name and short description of type of shares]* issued by the Equity Issuer (ISIN: [●]) Underlying Equity Currency: *[specify]* Equity Issuer: *[specify]* Multiplier (per cent.): *[specify]* ISIN Code: *[specify]* Exchange: *[specify]* Related Exchange: [All Exchanges]*[specify]* [*Replicate the details in respect of each Equity in the Basket*]
(x)	Interest Multiplier:	[+/-][100]/[●] per cent.][As set out under Digital Option below] *(This may be a negative value.)*
(xi)	Margin:	[[+/-] [●] per cent. per annum][As set out under Digital Option below]
(xii)	Minimum Rate of Interest:	[●]
(xiii)	Maximum Rate of Interest:	[●] *(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)	Equity Linked Interest Payment Extension Number:	[●]
(xv)	Potential Adjustment Events:	[Applicable/Not Applicable]
(xvi)	De-listing, Merger Event,	[Applicable/Not Applicable]

Nationalisation and Insolvency:

(xvii) Tender Offer: [Applicable/Not Applicable]

(xviii) Valuation Time: [Condition 7*(d)* applies/*specify alternative time*]

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

[*Insert details*]

(xx) 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].

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

(xxii) Trade Date: [●]

(xxiii) Evolution of Underlying Equity: [Applicable/Not Applicable]

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

– Valuation Dates:

Valuation Date$_t$	**Interest Period**	
	From (and including)	**From (and including)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

– Equity$_{initial}$ Valuation Date: [●]

– Scaling Factor: [[100]/[●] per cent.]

[**Scaling Factor**	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]]

(xxiv) Evolution of Basket of Underlying Equities: [Applicable/Not Applicable]

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

– Valuation Dates:

Valuation Date$_t$	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

– Equity Basket$_{initial}$ [●]

Valuation Date:

– Scaling Factor: [[100]/[●] per cent.]

[**Scaling Factor**	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]]

(xxv) Asian Option – Underlying Equity: [Applicable/Not Applicable]

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

– $Equity_{initial}$ Valuation Date(s): [●], [●], [●]

– Valuation Dates:

Valuation Dates$_t$	**Interest Period**	
	From (and including)	**To (but excluding)**
[●], [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]

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

– Scaling Factor: [[100]/[●] per cent.]

[**Scaling Factor**	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]]

– Averaging Disruption Provisions: [Omission]/[Postponement]/[Modified Postponement]/[Not Applicable]

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

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

– $Equity\ Basket_{initial}$ Valuation Date(s): [●], [●], [●]

– Valuation Dates:

Valuation Dates$_t$	**Interest Period**	
	From (and including)	**To (but excluding)**
[●], [●], [●]	**[●]**	**[●]**
[●], [●], [●]	**[●]**	**[●]**
[●], [●], [●]	**[●]**	**[●]**

(Insert the different Valuation Dates for the purpose of determining each $Equity\ Basket_t$*)*

– Scaling Factor: [[100]/[●] per cent.]

[**Scaling Factor**	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]]

– Averaging Disruption Provisions: [Omission]/[Postponement]/[Modified Postponement]/[Not Applicable]

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

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

– Digital Option Type: [Basket of Underlying Equities][Underlying Equity]

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

– Valuation Dates:

[Valuation Date	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]]

– Digital Option Strike: [[●]
(*Insert relevant level or specify Equity Determination and insert the relevant Variables within the corresponding paragraph below*)
[Equity Determination]

– Valuation Dates:

Valuation Date	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

– Scaling Factor: [[100]/[●] per cent.]

[**Scaling Factor**	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]]

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

– Digital Option Payment Determination Method:	[Not applicable] [ISDA Determination] [Screen Rate Determination] [Collar – ISDA Rate] [Collar – Screen Rate] *(If ISDA Determination or Collar – ISDA Rate applies, insert relevant information for determination Digital Option Exercised Rate)*
– [Floating Rate Option:	[LIBOR][EURIBOR][CMS]
– Designated Maturity:	[●]
– Reset Date:	[first day of the relevant Interest Period][●]] *(If Screen Rate Determination or Collar - Screen Rate applies, insert relevant information for determining Digital Option Exercised Rate)*
– [Reference Rate:	[LIBOR][EURIBOR][CMS]
– Interest Determination Date(s):	[●]/[Standard IDD] *(Specify as necessary)*
– 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 as Digital Option Payment Determination Method, insert the below information)*
– [Cap Rate:	[●]/[Infinity]
– Floor Rate:	[●][Zero]
– Collar Margin:	[+/-] [●] per cent. per annum]
– Interest Multiplier:	[+/-][100]/[●] per cent. *(This may be a negative value.)*
– Margin:	[+/-] [●] per cent. per annum
– Digital Option Fallback Rate:	[Zero] [[●] per cent. per annum] [ISDA Determination] [Screen Rate Determination] [Collar – ISDA Rate] [Collar – Screen Rate] *(If ISDA Determination /or Collar – ISDA Rate applies, insert relevant information for determination Digital Option Exercised Rate)*
– [Floating Rate Option:	[LIBOR][EURIBOR][CMS]
– Designated Maturity:	[●]
– Reset Date:	[first day of the relevant Interest Period][●][

		(If Screen Rate Determination or Collar – Screen Rate applies, insert relevant information for determining Digital Option Fallback Rate)
	– [Reference Rate:	[LIBOR][EURIBOR][CMS]
	– Interest Determination Date(s):	[●]/[Standard IDD] *(Specify as necessary)*
	– 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 as Digital Option Fallback Rate, insert the below information)*
	– [Cap Rate:	[●]/[Infinity]
	– Floor Rate:	[●]/[Zero]
	– Collar Margin:	[+/-] [●] per cent. per annum]]
	– Interest Multiplier:	[+/-][100]/[●] per cent. *(This may be a negative value.)*
	– Margin:	[+/-] [●] per cent. per annum
19	**Inflation Linked Interest Notes**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Interest Commencement Date:	[●]/[Issue Date]
	(ii) Interest Period End Dates:	[[●] in each year, starting on [●], up to and including [the Maturity Date][●]]/[Interest Payment Dates will correspond to Interest Period End Dates]
	(iii) Business Day Convention for Interest Period End Dates:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
	(iv) 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]
	(v) Business Day Convention for Interest Payment Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
	(vi) Additional Business Centre(s):	[Not Applicable][*specify other financial centres required for the Business Day definition*]
	(vii) Interest Variable Option:	[Evolution of Inflation] [Asian Option – Inflation] [Digital Option] *(Depending on the applicable Interest Variable Option selected, insert the relevant variables within the corresponding paragraph below)*
	(viii) 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]

(ix) Inflation Index: [●]
Sponsor: [●]
[The Inflation Index is a Designed Multi-Exchange Index]
[*Give or annex details*]

(x) Interest Multiplier: [+/-][100]/[●] per cent.][As set out under Digital Option below]
(This may be a negative value.)

(xi) Margin: [[+/-] [●] per cent. per annum][As set out under Digital Option below]

(xii) Minimum Rate of Interest: [●]

(xiii) Maximum Rate of Interest: [●]
(*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) Relevant Payment Date: [[●] in each year starting on [●], up to and including [the Maturity Date][●]]/[Each Interest Payment Date [and][The][Maturity Date]

(xv) Relevant Determination Date(s): [*Specify/*Five Business Days prior to [each/the] Relevant Payment Date]

(xvi) Related Bond(s): [Applicable/Not Applicable]
[*Specify for an Index*/Fallback Bond]

(xvii) Issuer(s) of Related Bond(s): [●]/[Not Applicable]

(xviii) Fallback Bond(s): [Applicable/Not Applicable]
[*Specify for an Index*/The bond determined as provided in Condition 8]

(xix) Period of Cessation of Publication: [2 consecutive months/*specify other*]

(xx) Evolution of Inflation: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

– $\text{Inflation}_{\text{initial}}$ Reference Month: [●]

– Reference Month(s):

Reference Months	**Relevant Payment Dates**	**Interest Periods**	
		From (and including)	**To (but excluding)**
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]

– Scaling Factor: [[100]/[●] per cent.]

[**Scaling Factor** **Interest Period**

	From (and including)	**To (but excluding)**
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]]

(xxi) Asian Option – Inflation: [Applicable/Not Applicable]

– $Inflation_{initial}$ Reference Month(s): [●],[●],[●]

– Reference Month(s):

Reference Months$_t$	**Relevant Payment Dates**	**Interest Periods**	
		From (and including)	**To (but excluding)**
[●], [●] ,[●]	[●]	[●]	[●]
[●], [●] ,[●]	[●]	[●]	[●]
[●], [●] ,[●]	[●]	[●]	[●]

(*Insert the different Reference Months for the purpose of determining each $Inflation_t$*)

– Scaling Factor: [[100]/[●] per cent.]

[**Scaling Factor** **Interest Period**

	From (and including)	**To (but excluding)**
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]]

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

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

– Digital Option Type: Inflation

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

– Reference Months:

Reference Months	**Relevant Payment Dates**	**Interest Periods**	
		From (and including)	**To (but excluding)**
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]

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

– Reference Months:

Reference Months	Relevant Payment Dates	Interest Periods	
		From (and including)	To (but excluding)
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]

– Scaling Factor: [[100]/[●] per cent.]

[

Scaling Factor	Interest Period	
	From (and including)	To (but excluding)
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]]

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

– Digital Option Payment Determination Method: [Not Applicable]
[ISDA Determination]
[Screen Rate Determination]
[Collar – ISDA Rate]
[Collar – Screen Rate]
(If ISDA Determination or Collar – ISDA Rate applies, insert relevant information for determination Digital Option Exercised Rate)

– [Floating Rate Option: [LIBOR][EURIBOR][CMS]

– Designated Maturity: [●]

– Reset Date: [first day of the relevant Interest Period][●]]
(If Screen Rate Determination or Collar – Screen Rate applies, insert relevant information for determining Digital Option Fallback Rate)

– [Reference Rate: [EURIBOR][LIBOR][CMS]

– Interest Determination Date(s): [●]/[Standard IDD]
(Specify as necessary)

– 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 as Digital Option Payment Determination Method, insert the below*

		information)
	– [Cap Rate:	[●]/[Infinity]
	– Floor Rate:	[●]/[Zero]
	– Collar Margin:	[+/-] [●] per cent. per annum]]
	– Interest Multiplier:	[+/-][100]/[●] per cent. *(This may be a negative value.)*
	– Margin:	[+/-] [●] per cent. per annum
	– Digital Option Fallback Rate:	[Zero] [[●] per cent. per annum] [ISDA Determination] [Screen Rate Determination] [Collar – ISDA Rate] [Collar – Screen Rate] *(If ISDA Determination or Collar – ISDA Rate applies, insert relevant information for determination Digital Option Exercised Rate)*
	– [Floating Rate Option:	[LIBOR][EURIBOR][CMS]
	– Designated Maturity:	[●]
	– Reset Date:	[first day of the relevant Interest Period][●]] *(If Screen Rate Determination or Collar – Screen Rate applies, insert relevant information for determining Digital Option Fallback Rate)*
	– [Reference Rate:	[EURIBOR][LIBOR][CMS]
	– Interest Determination Date(s):	[●]/[Standard IDD] *(Specify as necessary)*
	– 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 as Digital Option Fallback Rate, insert the below information)*
	– [Cap Rate:	[●]/[Infinity]
	– Floor Rate:	[●]/[Zero]
	– Collar Margin:	[+/-] [●] per cent. per annum]]
	– Interest Multiplier:	[+/-][100]/[●] per cent. *(This may be a negative value.)*
	– Margin:	[+/-] [●] per cent. per annum
20	**Currency Linked Interest Notes**	[Applicable/Not Applicable] (*If not applicable, delete remaining sub-paragraphs of this paragraph*)
(i)	Interest Commencement Date:	[●]/[Issue Date]
(ii)	Interest Period End Dates:	[[●] in each year, starting on [●], up to and including [the

	Maturity Date][●]]/[Interest Payment Dates will correspond to Interest Period End Dates]
(iii) Business Day Convention for Interest Period End Dates:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
(iv) 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]
(v) Business Day Convention for Interest Payment Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
(vi) Additional Business Centre(s):	[Not Applicable][*specify other financial centres required for the Business Day definition*]
(vii) Interest Variable Option:	[Evolution of Currency] [Asian Option – Currency] [Digital Option] *(Depending on the applicable Interest Variable Option selected, insert the relevant variables within the corresponding paragraph below)*
(viii) 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]
(ix) Interest Multiplier:	[+/-][100]/[●] per cent.][As set out under Digital Option below] *(This may be a negative value.)*
(x) Margin:	[[+/-] [●] per cent. per annum][As set out under Digital Option below]
(xi) Minimum Rate of Interest:	[●]
(xii) Maximum Rate of Interest:	[●] *(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) Currency Rate:	[●]
(xiv) Currency Page:	[●]
(xv) Event Currency:	[●]/[Reference Currency]
(xvi) Base Currency	[●]/[Specified Currency]
(xvii) Reference Currency:	[●]
(xviii) Valuation Time:	[●]
(xix) 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*)

[Material Change in Circumstances]

[Nationalisation]

[Price Materiality]

[Secondary Rate: [●]]

[Price Materiality Percentage [●]](*if Price Materiality applicable*)

[Price Source Disruption]

[Specific Inconvertibility]

[Minimum Amount:[●]] (*if Specific Inconvertibility applicable*)

[Specific Non-Transferability]

(xx) Evolution of Currency: [Applicable]/[Not Applicable]

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

– $Currency_{initial}$ Valuation Date: [●]

– Valuation Dates:

[**Valuation Date$_t$**	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]]

– Scaling Factor: [[100]/[●] per cent.]

[**Scaling Factor**	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]
[●] per cent.		

(xxi) Asian Option – Currency [Applicable/Not Applicable]

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

– $Currency_{initial}$ Valuation Date(s): [●],[●], [●]

– Valuation Dates:

	[**Valuation Dates$_t$**	**Interest Period**	
		From (and including)	**To (but excluding)**
	[●], [●], [●]	[●]	[●]
	[●], [●], [●]	[●]	[●]
	[●], [●], [●]	[●]	[●]]

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

– Scaling Factor: [[100]/[●] per cent.]

[**Scaling Factor**	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]]

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

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

– Digital Option Type: Currency

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

– Valuation Dates:

[**Valuation Date**	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]]

– Digital Option Strike: [●]

(Insert relevant exchange rate)

[Currency Determination]

– Valuation Dates:

Valuation Date	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

– Scaling Factor: [[100]/[●] per cent.]

[Scaling Factor	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]

	[●] per cent. [●] [●]]
– Digital Option Exercised Rate:	[[●] per cent. per annum] [As determined in accordance with the Digital Option Determination Method]
– Digital Option Payment Determination Method:	[Not Applicable] [ISDA Determination] [Screen Rate Determination] [Collar – ISDA Rate] [Collar – Screen Rate] *(If ISDA Determination or Collar – ISDA Rate applies, insert relevant information for determination Digital Option Exercised Rate)*
– [Floating Rate Option:	[LIBOR][EURIBOR][CMS]
– Designated Maturity:	[●]
– Reset Date:	[first day of the relevant Interest Period][●]] *(If Screen Rate Determination or Collar – Screen Rate applies, insert relevant information for determining Digital Option Fallback Rate)*
– [Reference Rate:	[LIBOR][EURIBOR][CMS]
– Interest Determination Date(s):	[●] *(Specify as necessary.)*
– 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 as Digital Option Payment Determination Method, insert the below information)*
– [Cap Rate:	[●]/[Infinity]
– Floor Rate:	[●]/[Zero]
– Collar Margin:	[+/-] [●] per cent. per annum]
– Interest Multiplier:	[+/-][100]/[●] per cent. *(This may be a negative value.)*
– Margin:	[+/-] [●] per cent. per annum
– Digital Option Fallback Rate:	[Zero] [●] per cent. per annum] [ISDA Determination] [Screen Rate Determination] [Collar – ISDA Rate] [Collar – Screen Rate] *(If ISDA Determination /or Collar – ISDA Rate applies, insert relevant information for determination Digital Option Exercised Rate)*
– [Floating Rate Option:	[LIBOR][EURIBOR][CMS]
– Designated Maturity:	[●]

– Reset Date:	[first day of the relevant Interest Period][●]] *(If Screen Rate Determination or Collar – Screen Rate applies, insert relevant information for determining Digital Option Fallback Rate)*
– [Reference Rate:	[LIBOR][EURIBOR][CMS]
– Interest Determination Date(s):	[●]/[Standard IDD] *(Specify as necessary)*
– 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 as Digital Option Fallback Rate, insert the below information)*
– [Cap Rate:	[●]/[Infinity]
– Floor Rate:	[●]/[Zero]
– Collar Margin:	[+/-] [●] per cent. per annum]]
– Interest Multiplier:	[+/-][100]/[●] per cent. *(This may be a negative value.)*
– Margin:	[+/-] [●] per cent. per annum

21 **Fund Linked Interest Notes**

(i) Interest Commencement Date:	[●]/[Issue Date]
(ii) Interest Period End Dates:	[[●] in each year, starting on [●], up to and including [the Maturity Date][●]]/[Interest Payment Dates will correspond to Interest Period End Dates]
(iii) Business Day Convention for Interest Period End Dates:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
(iv) 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]
(v) Business Day Convention for Interest Payment Dates:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]
(vi) Additional Business Centre(s):	[Not Applicable][*specify other financial centres required for the Business Day definition*]
(vii) Interest Variable Option:	[Evolution of Underlying Fund Interest] [Evolution of Basket of Underlying Fund Interests] [Asian Option – Underlying Fund Interest] [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)*
(viii) 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]

(ix) 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, including in case of a basket of Fund Interests, an overview of the weighting of each Fund Interest in the basket)

(x) Interest Multiplier: [+/-][100]/[●] per cent. [As set out under Digital Option below]

(This may be a negative value.)

(xi) Margin: [[+/-] [●] per cent. per annum][As set out under Digital Option below]

(xii) Minimum Rate of Interest: [●]

(xiii) Maximum Rate of Interest: [●]

(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) Fund Linked Interest Payment Extension Number: [●]

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

(xvi) Valuation Time: [●]

(xvii) Trade Date: [●]

(xviii) Evolution of Underlying Fund Interest: [Applicable/Not Applicable]

– Valuation Dates:

Valuation Date$_t$	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

– Fund$_{initial}$ Valuation Date: [●]

– Scaling Factor: [[100]/[●] per cent.]

[Scaling Factor	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	**[●]**	**[●]**
[●]	**[●]**	**[●]**

[●]	**[●]**	**[●]]**

(xix) Evolution of Basket of Underlying Fund Interests: (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

– Valuation Dates:

Valuation Date$_t$	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

– Fund Basket$_{initial}$ Valuation Date: [●]

– Scaling Factor: [[100]/[●] per cent.]

[Scaling Factor	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]]

(xx) Asian Option – Underlying Fund Interest: [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

– Valuation Dates:

Valuation Dates$_t$	**Interest Period**	
	From (and including)	**To (but excluding)**
[●], [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]

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

– Fund$_{initial}$ Valuation Date(s): [●],[●],[●]

– Scaling Factor: [[100]/[●] per cent.]

[Scaling Factor	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]]

– Averaging Disruption Provisions: [Omission]/[Postponement]/[Modified Postponement]/[Not Applicable]

(xxi) Asian Option – Basket of Underlying Fund Interests: [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

– Valuation Dates:

Valuation Dates$_t$	**Interest Period**	
	From (and including)	**To (but excluding)**
[●], [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]

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

– Fund Basket$_{initial}$ Valuation Date(s): [●], [●], [●]

– Scaling Factor: [[100]/[●] per cent.]

[Scaling Factor	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]]

– Averaging Disruption Provisions: [Omission]/[Postponement]/[Modified Postponement]//Not Applicable]

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

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

– Digital Option Type: [Underlying Fund Interest]
[Basket of Underlying Fund Interests]

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

– Valuation Dates:

[Valuation Date	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

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

– Valuation Dates:

Valuation Date	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

– Scaling Factor: [[100]/[●] per cent.]

[Scaling Factor	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]]

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

– Digital Option Payment Determination Method: [Not Applicable]
[ISDA Determination]
[Screen Rate Determination]
[Collar-ISDA Rate]
[Collar-Screen Rate]
(If ISDA Determination or Collar - ISDA Rate applies, insert relevant information for determining Digital Option Exercised Rate)

– [Floating Rate Option: [Not Applicable/[●]]

– Designated Maturity: [Not Applicable/[●]]

– Reset Date: [Not Applicable / The first day of each Interest Period/[●]]]
(If Screen Rate Determination or Collar – Screen Rate applies, insert relevant information for determining Digital Option Exercised Rate)

– [Reference Rate: [LIBOR][EURIBOR][CMS]

– Interest Determination Dates: [●]/[Standard IDD]
(Specify as necessary)

– 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 as Digital Option Payment Determination Method, insert the below information)*

– [Cap Rate: [●]/[Infinity]

– Floor Rate: [●][Zero]

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

– Interest Multiplier: [+/-][100]/[●] per cent. per annum
(This may be a negative value)

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

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

[Collar-Screen Rate]

(If ISDA Determination or Collar – ISDA Rate applies, insert relevant information for determining Digital Option Fallback Rate)

– [Floating Rate Option: [Not Applicable/[●]]

– Designated Maturity: [Not Applicable/[●]]

– Reset Date: [Not Applicable/The first day of each Interest Period/[●]]]

(If Screen Rate Determination or Collar – Screen Rate applies, insert relevant information for determining Digital Option Exercised Rate)

– [Reference Rate: [LIBOR][EURIBOR][CMS]

– Interest Determination Dates: [●]/[Standard IDD]

(Specify as necessary)

– 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 as Digital Option Fallback Rate, insert the below information)*

– [Cap Rate: [●]/[Infinity]

– Floor Rate: [●][Zero]

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

– Interest Multiplier: [+/-][100]/[●] per cent. per annum

(This may be a negative value)

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

22 **Commodity Linked Interest Notes**

(i) Interest Commencement Date: [●]/[Issue Date]

(ii) Interest Period End Dates: [[●] in each year, starting on [●], up to and including [the Maturity Date][●]]/[Interest Payment Dates will correspond to Interest Period End Dates]

(iii) Business Day Convention for Interest Period End Dates: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]

(iv) 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]

(v) Business Day Convention for Interest Payment Dates: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable]

(vi) Additional Business Centre(s): [Not Applicable][*specify other financial centres required for the Business Day definition*]

(vii) 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]

(viii) Interest Multiplier: [+/-][100]/[●] per cent.][As set out under Digital Option below]
(This may be a negative number)

(ix) Margin: [[+/-] [●] per cent. per annum][As set out under Digital Option below]

(x) Minimum Rate of Interest: [●]

(xi) Maximum Rate of Interest: [●]
(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)

(xii) The identity of the relevant Commodity/Commodities/Commodity Index/Commodity Indices: [*Give or annex details of the relevant Commodity/Commodity Index, as applicable*]:

[The following apply only to Notes which have a single commodity/commodity Index]:

Commodity:	[*name and short description of commodity*] [Not Applicable]
Bullion Commodity:	[Applicable][Not Applicable]
Commodity Index:	[*name and short description of index and components*] [Not Applicable]
Commodity Reference Price:	[●][Commodity-Reference Dealers]
Unit:	[●][Not Applicable]
Delivery Date:	[●][Nearby Month][Not Applicable]
Exchange:	[●][Not Applicable]
Price Source:	[●]
Specified Price:	[●][the high price][the low price][average of the high price and the low price][the closing price][the opening price][the bid price][the asked price][the average of the bid price and the asked price][the settlement price][the official settlement price][the official price][the morning fixing][the afternoon fixing][the spot price]
Index Sponsor:	[●][Not Applicable]

Fallback Reference Price: [●]

[The following apply only to Notes with a commodities basket component]:

A basket composed of Commodities/Commodity Indices as specified below:

Commodity:	[*name and short description of commodity*] [Not Applicable]
Bullion Commodity:	[Applicable][Not Applicable]
Commodity Index:	[*name and short description of index and components*] [Not Applicable]
Commodity Reference Price:	[●][Commodity-Reference Dealers]
Unit:	[●][Not Applicable]
Delivery Date:	[●][Nearby Month][Not Applicable]
Exchange:	[●][Not Applicable]
Price Source:	[●]
Specified Price:	[●][the high price][the low price][average of the high price and the low price][the closing price][the opening price][the bid price][the asked price][the average of the bid price and the asked price][the settlement price][the official settlement price][the official price][the morning fixing][the afternoon fixing][the spot price]
Index Sponsor:	[●][Not Applicable]
Fallback Reference Price:	[●]

[*Replicate the details in respect of each Commodity/Commodity Index in the basket*]

(xiii) Commodity Business Day Convention: [Following/Modified Following/Nearest/Preceding]

(xiv) Common Pricing: [Applicable/Not Applicable]

(xv) Commodity Business Day: [*Specify*/The definition in Condition 10 applies]

(xvi) Market Disruption Event(s): [Other Market Disruption Events][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]]

(xvii) Disruption Fallback(s): [Other Disruption Fallbacks] [The following Disruption Fallbacks apply to the Notes (in the following order):

[Fallback Reference Dealers]

[Fallback Reference Price]

[Cancellation]

[Postponement]

[Calculation Agent Determination]

[Delayed Publication and Announcement]]

(xviii) Maximum Days of Disruption: [●][five]

(xix) 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].

(xx) Correction Cut-Off Date: [[●] Business Days prior to the Maturity Date/Not Applicable.]

(xxi) Trade Date: [●]

(xxii) Interest Variable Option: [Evolution of Underlying Commodity]
[Evolution of Basket of Underlying Commodities]
[Evolution of Commodity Index]
[Evolution of Basket of Commodity Indices]
[Asian Option – Underlying Commodity]
[Asian Option – Basket of Underlying Commodities]
[Asian Option –Commodity Index]
[Asian Option – Basket of Commodity Indices]
[Digital Option]
(Depending on the applicable Interest Variable Option selected, insert the relevant variables within the corresponding paragraph below)

(xxiii) Evolution of Underlying Commodity: [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

– Valuation Date:

[Valuation Date$_t$	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

– Commodity$_{initial}$ Valuation Date: [●]

– Scaling Factor: [[100]/[●] per cent.]

[Scaling Factor	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	**[●]**	**[●]**
[●] per cent.	**[●]**	**[●]**

[●] per cent.	**[●]**	**[●]]**

(xxiv) Evolution of Basket of Underlying Commodities: [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

– Valuation Date:

[Valuation Date$_t$	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

– Commodity Basket$_{initial}$ Valuation Date: [●]

– Scaling Factor: [[100]/[●] per cent.]

[Scaling Factor	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	**[●]**	**[●]**
[●] per cent.	**[●]**	**[●]**
[●] per cent.	**[●]**	**[●]]**

(xxv) Evolution of Commodity Index: [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

– Valuation Date:

[Valuation Date$_t$	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

– Commodity Index$_{initial}$ Valuation Date: [●]

– Scaling Factor: [[100]/[●] per cent.]

[Scaling Factor	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	**[●]**	**[●]**
[●] per cent.	**[●]**	**[●]**
[●] per cent.	**[●]**	**[●]]**

(xxvi) Evolution of Basket of Commodity Indices: [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

– Valuation Date: **[Valuation Date$_t$** **Interest Period**

		From (and including)	**To (but excluding)**
	[●]	[●]	[●]
	[●]	[●]	[●]
	[●]	[●]	[●]

– Commodity Indices $Basket_{initial}$ Valuation Date: [●]

– Scaling Factor: [[100]/[●] per cent.]

[Scaling Factor	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	**[●]**	**[●]**
[●] per cent.	**[●]**	**[●]**
[●] per cent.	**[●]**	**[●]]**

(xxvii) Asian Option – Underlying Commodity: [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

– $Commodity_{initial}$ Valuation Date(s): **[●]**, [●], [●]

– Valuation Date(s):

[Valuation Dates$_t$	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]. [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]]

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

– Scaling Factor: [[100]/[●] per cent.]

[Scaling Factor	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	**[●]**	**[●]**
[●] per cent.	**[●]**	**[●]**
[●] per cent.	**[●]**	**[●]]**

– Averaging Disruption Provisions: [Omission]/[Postponement]/[Modified Postponement]/[Not Applicable]

(xxviii) Asian Option – Basket of Underlying Commodities: [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

– Commodity $Basket_{initial}$ Valuation Date(s): [●], [●], [●]

– Valuation Date(s):

[Valuation Dates$_t$	**Interest Period**	
	From (and including)	**To (but excluding)**

[●]. [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]]

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

– Scaling Factor: [[100]/[●] per cent.]

[Scaling Factor	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	**[●]**	**[●]**
[●] per cent.	**[●]**	**[●]**
[●] per cent.	**[●]**	**[●]]**

– Averaging Disruption Provisions: [Omission]/[Postponement]/[Modified Postponement]/[Not Applicable]

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

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

– Commodity Index$_{initial}$ Valuation Date(s): **[●]**, [●], [●]

– Valuation Dates:

[Valuation Dates$_t$	**Interest Period**	
	From (and including)	**To (but excluding)**
[●], [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]]

– Scaling Factor: [[100]/[●] per cent.]

[Scaling Factor	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	**[●]**	**[●]**
[●] per cent.	**[●]**	**[●]**
[●] per cent.	**[●]**	**[●]]**

– Averaging Disruption Provisions: [Omission]/[Postponement]/[Modified Postponement]/[Not Applicable]

(xxx) Asian Option – Basket of Commodity Indices: [Applicable/Not Applicable]

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

– Commodity Indices Basket$_{initial}$ Valuation Date(s): [●], [●], [●]

– Valuation Date(s):

[Valuation Dates$_t$	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]. [●], [●]	[●]	[●]

[●], [●], [●]	[●]	[●]
[●], [●], [●]	[●]	[●]]

(*Insert the different Valuation Dates for the purpose of determining each CommodityIndices Basket$_t$*)

– Scaling Factor: [[100]/[●] per cent.]

[Scaling Factor	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	**[●]**	**[●]**
[●] per cent.	**[●]**	**[●]**
[●] per cent.	**[●]**	**[●]]**

– Averaging Disruption Provisions: [Omission]/[Postponement]/[Modified Postponement]/[Not Applicable]

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

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

– Digital Option Type: [Underlying Commodity]
[Basket of Underlying Commodities]
[Commodity Index]
[Basket of Commodity Indices]

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

– Valuation Dates:

[Valuation Date	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

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

– Valuation Dates:

Valuation Date	**Interest Period**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

– Scaling Factor: [[100]/[●] per cent.]

[Scaling Factor	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	[●]	[●]

[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]]

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

– Digital Option Payment Determination Method: [Not Applicable]
[ISDA Determination]
[Screen Rate Determination]
[Collar-ISDA Rate]
[Collar-Screen Rate]
(If ISDA Determination or Collar - ISDA Rate applies, insert relevant information for determining Digital Option Exercised Rate)

  – [Floating Rate Option: [Not Applicable/[●]]

  – Designated Maturity: [Not Applicable/[●]]

  – Reset Date: [Not Applicable/The first day of each Interest Period/[●]]]
(If Screen Rate Determination or Collar – Screen Rate applies, insert relevant information for determining Digital Option Exercised Rate)

  – [Reference Rate: [LIBOR][EURIBOR][CMS]

  – Interest Determination Dates: [●]/[Standard IDD]
(Specify as necessary)

  – 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 as Digital Option Payment Determination Method, insert the below information)*

  – [Cap Rate: [●]/[Infinity]

  – Floor Rate: [●][Zero]

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

– Interest Multiplier: [+/-][100]/[●] per cent. per annum
(This may be a negative value)

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

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

  – [Floating Rate [Not Applicable/[●]]

Option:

– Designated Maturity: [Not Applicable/[●]]

– Reset Date: [Not Applicable/The first day of each Interest Period/[●]]]
(If Screen Rate Determination or Collar – Screen Rate applies, insert relevant information for determining Digital Option Fallback Rate)

– [Reference Rate: [LIBOR][EURIBOR][CMS]

– Interest Determination Dates: [●]/[Standard IDD]
(Specify as necessary)

– 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 as Digital Option Fallback Rate, insert the below information)*

– [Cap Rate: [●]/[Infinity]

– Floor Rate: [●][Zero]

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

– Interest Multiplier: [+/-][100]/[●] per cent. per annum
(This may be a negative value)

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

23 **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*)]

(i)	Trade Date:	[●]

24	**Alternative Currency Provisions**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Alternative Currency:	[USD][*Specify other currency*]
(ii)	Maximum Alternative Currency Number:	[●]
(iii)	AC Rate Calculation Date:	[●] AC Rate Calculation Business Days before the due date for payment of the relevant amount under the Notes
(iv)	AC Rate Calculation Jurisdiction(s):	[●]
(v)	AC USD Rate Calculation Date:	[●] AC USD Rate Calculation Business Days before the due date for payment of the relevant amount under the Securities
(vi)	AC USD Rate Calculation Jurisdiction(s):	[●]
(vii)	Trade Date:	[●]

PROVISIONS RELATING TO REDEMPTION

25	**Issuer Call**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs 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/Not Applicable]
(iii)	Additional Business Centre(s):	[Not Applicable][*specify other financial centres required for the Business Day definition*]
(iv)	Optional Redemption Amount:	[●] per Calculation Amount
(v)	Issuer Call Period (if other than as set out in Condition 5(c)):	[●]] [not] [less than [●]] [nor more than [●]] (*N.B. If setting issuer call 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*)
26	**Investor Put**	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs 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/ Not Applicable]
(iii)	Additional Business Centre(s):	[*specify other financial centres required for the Business Day*

definition][Not Applicable]

(iv) Optional Redemption Amount and method, if any, of calculation of such amount: [●] per Calculation Amount

(v) Investor Put Period (if other than as set out in the Conditions): [●]
[not less than [●][nor more than [●]]

(N. B. If setting investor put 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 **Autocall Early Redemption** [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(i) Autocall Type: [Index]
[Basket of Indices]
[Underlying Equity]
[Basket of Underlying Equities]
[Currency]

[– Whether the Notes relate to a basket of indices or a single index, and the identity of the relevant index/indices and details of the relevant Sponsors:

Index: *[name and short description of type of index]*

Index Sponsor: *[specify]*

Multiplier (per cent.): *[specify]*

Exchange: *[specify]*

Related Exchange: [All Exchanges]*[specify]*

Designated Multi-Exchange Index: [Applicable][Not Applicable]

Valuation Time: *[specify]*

[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)

[The following apply only to Notes with an index basket component]:

A basket composed of Indices as specified below:

Index Sponsor: [*specify*]

Multiplier (per cent.): [*specify*]

Exchange: [*specify*]

Related Exchange: [All Exchanges][*specify*]

Designated Multi-Exchange Index: [Applicable][Not Applicable]

Valuation Time: [*specify*]

[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)

[*Replicate the details in respect of each Index in the Basket*]

[–	Index Linked Interest Payment Extension Number:	[●]]
[–	Valuation Time:	[Condition 6(*d*) applies/*other*]]
[–	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].]
[–	Correction Cut-Off Date:	[[●] Business Days prior to each Interest Payment Date/Not Applicable.]]
[–	The identity of the relevant Equity Issuer(s) of the equity security/equity securities in the basket:	*[Give or annex details of the relevant Underlying Equities/Underlying Equity, as applicable]:*

[The following apply only to Notes which have a single equity component]:

Underlying Equity:	*[name and short description of type of shares]* issued by the Equity Issuer (ISIN: [●])
Underlying Equity Currency:	*[specify]*
Equity Issuer:	*[specify]*
Exchange:	*[specify]*
Related Exchange:	[All Exchanges]*[specify]*

[The following apply only to Notes with an equity basket component]:

A basket composed of Underlying Equities in the relative proportions of Underlying Equities of each Equity Issuer specified below:

Underlying Equity:	*[name and short description of type of shares]* issued by the Equity Issuer (ISIN: [●])
Underlying Equity Currency:	*[specify]*
Equity Issuer:	*[specify]*
Multiplier (per cent.):	*[specify]*
ISIN Code:	*[specify]*
Exchange:	*[specify]*
Related Exchange:	[All Exchanges]*[specify]*

[Replicate the details in respect of each Equity in the Basket]]

[–	Equity Linked Interest Payment Extension Number:	[●]]
[–	Potential Adjustment Events:	[Applicable/Not Applicable]]
[–	De-listing, Merger Event, Nationalisation and Insolvency:	[Applicable/Not Applicable]]
[–	Tender Offer:	[Applicable/Not Applicable]]

[–	Valuation Time:	[Condition 7(*d*) applies/specify alternative time]]
[–	Exchange Rate:	[Applicable/Not Applicable] [*Insert details*]]
[–	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].]
[–	Correction Cut-Off Date:	[●] Business Days prior to each Interest Payment Date/Not Applicable.]]
[–	Trade Date:	[●]]
[–	Currency Rate:	[●]]
[–	Currency Page:	[●]]
[–	Event Currency:	[●]/[Reference Currency]]
[–	Base Currency	[●]/[Specified Currency]]
[–	Reference Currency:	[●]]
[–	Valuation Time:	[●]]
[–	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*) [Material Change in Circumstances] [Nationalisation] [Price Materiality] [Secondary Rate: [●]] [Price Materiality Percentage [●]](*if Price Materiality applicable*) [Price Source Disruption] [Specific Inconvertibility] [Minimum Amount: [●]] (*if Specific Inconvertibility applicable*) [Specific Non-Transferability]]
(ii)	Autocall Condition:	[Greater Than] [Less Than] [Greater Than Or Equal To] [Less Than Or Equal To]
(iii)	Autocall Observation Dates:	[●]
(iv)	Business Day Convention for Autocall Observation Dates:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day

Convention/Preceding Business Day Convention/Not Applicable]

(v) Autocall Variable:

– Autocall Variable Averaging: [Applicable/Not Applicable]

– Valuation Date(s):

Autocall Observation Dates	Valuation Date (where Autocall Variable Averaging is Not Applicable)	Valuation Dates$_t$ (where Autocall Variable Averaging is Applicable)
[●]	[N/A] [●]	[N/A] [●],[●],[●]
[●]	[N/A] [●]	[N/A] [●],[●],[●]
[●]	[N/A] [●]	[N/A] [●],[●],[●]

(Insert the different Valuation Dates for the purpose of determining each Autocall Variable)

[– Averaging Disruption Provisions: [Omission]/[Postponement]/[Modified Postponement]/[Not Applicable]]

(vi) Autocall Strike:

– Autocall Strike Amount: [Applicable/Not Applicable]

(If not applicable, delete table and populate Autocall Strike Determination or Autocall Strike Averaging)

Autocall Observation Dates	Autocall Strike
[●]	[●]
[●]	[●]
[●]	[●]

– Autocall Strike Determination: [Applicable/Not Applicable]

– Autocall Strike Averaging: [Applicable/Not Applicable]

[– Valuation Date(s):

Autocall Observation Dates	Valuation Date (where Autocall Strike Determination is Applicable)	Valuation Dates$_t$ (where Autocall Strike Averaging is Applicable)
[●]	[N/A] [●]	[N/A] [●],[●],[●]
[●]	[N/A] [●]	[N/A] [●],[●],[●]
[●]	[N/A] [●]	[N/A] [●],[●],[●]

(Insert the different Valuation Dates for the purpose of determining each Autocall Variable, unless Autocall Strike Amount applies in which case delete the above table)]

[– Averaging Disruption Provisions: [Omission]/[Postponement]/[Modified Postponement]/[Not Applicable]]

(vii) Average Autocall Reference Price:

– Autocall Variable Averaging	[Applicable][Not Applicable]
– Autocall Strike Averaging	[Applicable][Not Applicable]
– Autocall Reference $Item_{initial}$ Averaging	[Applicable][Not Applicable]
– Autocall Reference $Item_{final}$ Averaging	[Applicable][Not Applicable]

(viii) Scaling Factor: [[100]/[●] per cent.]

[

Scaling Factor	**Interest Period**	
	From (and including)	**To (but excluding)**
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]
[●] per cent.	[●]	[●]]

(ix) Autocall Redemption Amount: [[●]

[

Autocall Redemption Amount	**Autocall Notes redeeming**	
	From (and including)	**To (but excluding)**
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]]

(*If one or more specific amounts are specified, delete the remainder of this paragraph. If a specific amount is not specified, populate the provisions below)*

– Reference $Item_{initial}$: [[●]

(*Insert relevant level or amount, depending on Autocall Type, unless Reference $Item_{initial}$ Determination or Autocall Reference $Item_{final}$ Averaging applies*)]

[Reference $Item_{initial}$ Determination: [Applicable/Not Applicable]]

[Autocall Reference $Item_{initial}$ Averaging: [Applicable/Not Applicable]

– Valuation Date(s):

Autocall Observation Dates	Valuation Date (where Reference $Item_{initial}$ Determination is Applicable)	Valuation $Dates_t$ (where Autocall Reference $Item_{initial}$ Averaging is Applicable)
[●]	[N/A] [●]	[N/A] [●],[●],[●]
[●]	[N/A] [●]	[N/A] [●],[●],[●]
[●]	[N/A] [●]	[N/A] [●],[●],[●]]

[– Averaging Disruption Provisions: [Omission]/[Postponement]/[Modified Postponement]/[Not Applicable]]

– Reference Item$_{final}$: [[●]

(Insert relevant level or amount, depending on Autocall Type, unless Reference Item$_{final}$ Determination or Autocall Reference Item$_{final}$ Averaging applies)]

[Reference Item$_{final}$ Determination: [Applicable/Not Applicable]]

[Autocall Reference Item$_{final}$ Averaging: [Applicable/Not Applicable]]

– Valuation Date(s):

Autocall Observation Dates	Valuation Date (where Reference Item$_{final}$ Determination is Applicable)	Valuation Dates$_t$ (where Autocall Reference Item$_{final}$ Averaging is Applicable)
[●]	[N/A] [●]	[N/A] [●],[●],[●]
[●]	[N/A] [●]	[N/A] [●],[●],[●]
[●]	[N/A] [●]	[N/A] [●],[●],[●]]

[– Averaging Disruption Provisions: [Omission]/[Postponement]/[Modified Postponement]/[Not Applicable]]

– Cap %: [●]/[Infinity]

– Floor %: [●]/[Zero]

– Scaling Factor: [[100]/[●] per cent.]

Autocall Observation Dates	Scaling Factor
[●]	[●] per cent.
[●]	[●] per cent.
[●]	[●] per cent.
[●]	[●] per cent.

– Autocall Multiplier: [●] [100] per cent.

28 **Final Redemption Amount:** [Redemption will be at par][●]

[In accordance with Conditions] (*applicable for Index Linked Redemption Notes, Equity Linked Redemption Notes, Inflation Linked Redemption Notes, Currency Linked Redemption Notes, Commodity Linked Redemption Notes and Credit Linked Notes only*)

29 **Early Redemption Amount**:

Early Redemption Amount payable on redemption for taxation reasons or on an illegality (or, in the case of Floating Rate Notes, following a cessation of the Reference Rate or, in the case of Index Linked Notes, following an Index Adjustment Event in accordance with Condition 6*(a)*(ii)(b) or, in the case of Equity Linked Notes, following a De-listing

Condition 5*(f)* applies

– Fixed Early Redemption Amount: [●][Not Applicable]

– Fixed Early Redemption Percentage: [●]%[Not Applicable]

– Including Interest: [Applicable][Not Applicable]

and/or Merger Event and/or Nationalisation and/or Insolvency and/or Tender Offer in accordance with Condition 7*(b)*(ii)(b) or, in the case of Inflation Linked Notes, following an Inflation Index Cancellation pursuant to a Cessation of Publication in accordance with Condition 8(*b*)(ii) or, in the case of Currency Linked Notes, following a Currency Disruption Event, in accordance with Condition 9*(b)*(i)(D)) or, in the case of Commodity Linked Notes, following a Market Disruption Event, in accordance with Condition 10*(c)*(iii) or following a modification and cessation of calculation of a commodity index in accordance with Condition 10*(e)*(ii)(b) or, in the case of Credit Linked Notes, following a Merger Event in accordance with Condition 12(*i*) or following an Additional Disruption Event (if applicable) or, following a Scheduled Payment Currency Disruption Event:

30 **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, and the identity of the relevant index/indices and details of the relevant Sponsors:

Index:	*[name and short description of type of index.]*
Index Sponsor:	*[specify]*
Multiplier (per cent.):	*[specify]*
Exchange:	*[specify]*
Related Exchange:	[All Exchanges]*[specify]*
Designated Multi-Exchange Index:	[Applicable][Not Applicable]
Valuation Time:	*[specify]*

[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*)

[The following apply only to Notes with an index basket component]:

A basket composed of Indices as specified below:

Index:	[*name and short description of type of index*.]
Index Sponsor:	[*specify*]
Multiplier (per cent.):	[*specify*]
Exchange:	[*specify*]
Related Exchange:	[All Exchanges][*specify*]

Designated Multi-Exchange Index: [Applicable][Not Applicable]

Valuation Time: [*specify*]

[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*)

[*Replicate the details in respect of each Index in the Basket*]

(ii) Index Linked Redemption Amount: (*Populate the provisions below*)

[– Index Redemption Multiplier: [+/-][100]/[●] per cent.

(This may be a negative value.)

[– Reference Item$_{initial}$: [[●]

(Insert relevant amount, unless Reference Item$_{initial}$ Determination or Reference Item$_{final}$ Averaging applies)]

[Reference Item$_{initial}$ Determination: [Applicable/Not Applicable]

[Reference Item$_{initial}$ Averaging: [Applicable/Not Applicable]

[– Valuation Date(s):

Valuation Date (where Reference Item$_{initial}$ Determination Applicable)	Valuation Dates$_t$ (where Reference Item$_{initial}$ Averaging Applicable)
[N/A] [●]	[N/A] [●], [●], [●]

(*Insert the different Valuation Dates for the purpose of determining each Reference Item$_{initial}$, unless relevant amount specified in which case delete the above table*)]

[– Averaging Disruption Provisions: [Omission]/[Postponement]/[Modified Postponement]/[Not Applicable]]

[– Reference Item$_{final}$: [[●]

(Insert relevant amount, unless Reference Item$_{final}$ Determination or Reference Item$_{final}$ Averaging applies)]

[Reference Item$_{final}$ Determination: [Applicable/Not Applicable]

[Reference Item$_{final}$ Averaging: [Applicable/Not Applicable]

[– Valuation Date(s):

Valuation Date (where Reference Item$_{final}$ Determination Applicable)	Valuation Dates$_t$ (where Reference Item$_{final}$ Averaging Applicable)
[N/A] [●]	[N/A] [●], [●], [●]

(*Insert the different Valuation Dates for the purpose of determining each Reference Item$_{final}$, unless relevant amount specified in which case delete the above table*)]

[– Averaging Disruption Provisions: [Omission]/[Postponement]/[Modified Postponement]/[Not Applicable]]

[– Scaling Factor: [100]/[●] per cent.]

[– Cap %: [●]/[Infinity]]

[– Floor %: [●]/[Zero]]

(iii) Exchange(s): [●]

(iv) Related Exchange(s): [All Exchanges]

(v) Valuation Time: [Condition 6*(d)* applies/*specify alternative time*]

(vi) 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].

(vii) Correction Cut-Off Date: [●] Business Days prior to the Maturity Date/Not Applicable

31 **Equity Linked Redemption Notes** [Applicable/Not Applicable]

(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*):

[The following apply only to Notes which have a single equity component]:

Underlying Equity:	[name and short description of type of shares] issued by the Equity Issuer (ISIN: [●])
Underlying Equity Currency:	*[specify]*
Equity Issuer:	*[specify]*
Exchange	*[specify]*

[The following apply only to Notes with an equity basket component]:

A basket composed of Underlying Equities in the relative proportions of Underlying Equities of each Equity Issuer specified below:

Underlying Equity	[name and short description of type of shares] issued by the Equity Issuer (ISIN: [●])
Underlying Equity Currency	*[specify]*
Equity Issuer	*[specify]*
Multiplier (per cent.)	*[specify]*
ISIN Number	*[specify]*
Exchange	*[specify]*

[*Replicate the details in respect of each Equity in the Basket*]

(ii) Equity Linked Redemption Amount: [[●]]
(*Populate the provisions below*)

[– Equity Redemption Multiplier: [+/-][100]/[●] per cent.
(This may be a negative value.)

[– Reference $Item_{initial}$: [[●]
(Insert relevant amount, unless Reference $Item_{initial}$ Determination or Reference $Item_{initial}$ Averaging applies)]

[Reference $Item_{initial}$ Determination: [Applicable/Not Applicable]

[Reference $Item_{initial}$ Averaging: [Applicable/Not Applicable]

[– Valuation Date(s):

Valuation Date (where Reference $Item_{initial}$ Determination Applicable)	Valuation $Dates_t$ (where Reference $Item_{initial}$ Averaging Applicable)
[N/A]	[N/A]

[●]	[●], [●], [●]

(*Insert the different Valuation Dates for the purpose of determining each Reference Item$_{initial}$, unless relevant amount specified in which case delete the above table*)]

[– Averaging Disruption Provisions: [Omission]/[Postponement]/[Modified Postponement]/[Not Applicable]]

[– Reference Item$_{final}$: [[●]

(Insert relevant amount, unless Reference Item$_{final}$ Determination or Reference Item$_{final}$ Averaging applies)]

[Reference Item$_{final}$ Determination: [Applicable/Not Applicable]

[Reference Item$_{final}$ Averaging: [Applicable/Not Applicable]

[– Valuation Date(s):

Valuation Date (where Reference Item$_{final}$ Determination Applicable)	Valuation Dates$_t$ (where Reference Item$_{final}$ Averaging Applicable)
[N/A] [●]	[N/A] [●], [●], [●]

(*Insert the different Valuation Dates for the purpose of determining each Reference Item$_{final}$, unless relevant amount specified in which case delete the above table*)]

[– Averaging Disruption Provisions: [Omission]/[Postponement]/[Modified Postponement]/[Not Applicable]]

[– Scaling Factor: [100]/[●] per cent.]]

[– Cap %: [●]/[Infinity]]

[– Floor %: [●]/[Zero]]

(iii) Related Exchange(s): [All Exchanges]

(iv) Potential Adjustment Events: [Applicable/Not Applicable]

(v) De-listing, Merger Event, Nationalisation and Insolvency: [Applicable/Not Applicable]

(vi) Tender Offer: [Applicable/Not Applicable]

(vii) Valuation Time [Condition 7*(d)* applies/*specify alternative time*]

(viii) Exchange Rate [Applicable/Not Applicable] [Insert details]

(ix) 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].

(x) Correction Cut-Off Date: [[●] Business Days prior to the Maturity Date]/[Not Applicable.]

(xi) Trade Date: [●]

32 **Inflation Linked Redemption Notes** [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(i) The identity of the relevant Inflation Index/Indices and details of the relevant sponsors: [●]
Sponsor: [●]
[The Inflation Index is a Designed Multi-Exchange Index]
(*Give or annex details*)

(ii) Inflation Linked Redemption [[●]]

Type: (*Populate the provisions below*)

(iii) Redemption Amount: [●] (*In case Fixed Redemption Amount is specified as the Index Linked Redemption Type, specify the relevant amount*)

(*In case Reference Item Redemption is specified as the Inflation Linked Redemption Type, populate the provisions below*)

[– Inflation Redemption Multiplier: [+/-][100]/[●] per cent.

(This may be a negative value.)

[– Reference $Item_{initial}$: [[●]

(Insert relevant amount, unless Reference $Item_{initial}$ Determination or Reference $Item_{final}$ Averaging applies)]

[Reference $Item_{initial}$ Determination: [Applicable/Not Applicable]

[Reference $Item_{initial}$ Averaging: [Applicable/Not Applicable]

[– Reference Month(s):

Reference Month (where Reference $Item_{initial}$ Determination Applicable)	Reference $Month_t$ (where Reference $Item_{Initial}$ Averaging Applicable)
[N/A] [●]	[N/A] [●],[●],[●]

(*Insert the different Reference Months for the purpose of determining each Reference $Item_{initial}$, unless relevant amount specified in which case delete the above table*)]

[– Reference $Item_{final}$: [[●]

(Insert relevant amount, unless Reference $Item_{final}$ Determination or Reference $Item_{final}$ Averaging applies)]

[Reference $Item_{final}$ Determination: [Applicable/Not Applicable]

[Reference $Item_{final}$ Averaging: [Applicable/Not Applicable]

[– Reference Month(s):

Reference Month (where Reference $Item_{final}$ Determination Applicable)	Reference $Month_t$ (where Reference $Item_{final}$ Averaging Applicable)
[N/A] [●]	[N/A] [●],[●],[●]

(*Insert the different Reference Months for the purpose of determining each Reference $Item_{final}$, unless relevant amount specified in which case delete the above table*)]

[– Scaling Factor: [100/[●] per cent.]

(*in case Put Performance or Call Performance is specified as the Index Linked Redemption Type, populate the below provisions*)

[– Relevant Determination Date: [*Specify*/Five Business Days prior to [each/the] Relevant Payment Date]

(iv) Specified Currency [●]]

(v) Valuation Time [Condition 6(*d*) applies/*other*]

(vi) Exchange(s): [●]

(vii) Related Exchange(s): [All Exchanges]

(viii) 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].

(ix) Correction Cut-Off Date: [[●] Business Days prior to the Maturity Date/Not Applicable]

33 **Currency Linked Redemption Notes** [Applicable][Not Applicable]

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

(i) Currency Linked Redemption Amount: [[●]]

(*Populate the provisions below*)

[– Currency Redemption Multiplier: [+/-][100]/[●] per cent.

(This may be a negative value.)

[– Reference $Item_{initial}$: [[●]

(Insert relevant amount, unless Reference $Item_{initial}$ Determination or Reference $Item_{final}$ Averaging applies)]

[Reference $Item_{initial}$ Determination: [Applicable/Not Applicable]

[Reference $Item_{initial}$ Averaging: [Applicable/Not Applicable]

[– Valuation Date(s):

Valuation Date (where Reference $Item_{initial}$ Determination Applicable)	Valuation $Dates_t$ (where Reference $Item_{initial}$ Averaging Applicable)
[N/A] [●]	[N/A] [●], [●], [●]

(*Insert the different Valuation Dates for the purpose of determining each Reference $Item_{initial}$, unless relevant amount specified in which case delete the above table*)]

[– Reference $Item_{final}$: [[●]

(Insert relevant amount, unless Reference $Item_{final}$ Determination or Reference $Item_{final}$ Averaging applies)]

[Reference $Item_{final}$ Determination: [Applicable/Not Applicable]

[Reference $Item_{final}$ Averaging: [Applicable/Not Applicable]

[– Valuation Date(s):

Valuation Date (where Reference $Item_{final}$ Determination Applicable)	Valuation $Dates_t$ (where Reference $Item_{final}$ Averaging Applicable)
[N/A] [●]	[N/A] [●], [●], [●]

(*Insert the different Valuation Dates for the purpose of determining each Reference $Item_{final}$, unless relevant amount specified in which case delete the above table*)]

[– Scaling Factor: [100]/[●] per cent.]

[– Cap %: [●]/[Infinity]]

[– Floor %: [●]/[Zero]]

(ii) Currency Rate: [●]

(iii) Currency Page: [●]

(iv) Event Currency: [●]/[Reference Currency]

(v) Base Currency: [●]/[Specified Currency]

(vi) Reference Currency: [●]

(vii) Valuation Time: [●]

(viii) 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)*

[Material Change in Circumstances]

[Nationalisation]

[Price Materiality]

[Secondary Rate: [●]]

[Price Materiality Percentage [●]]*(if Price Materiality applicable*)

[Price Source Disruption]

[Specific Inconvertibility]

[Minimum Amount:[●]] *(if Specific Inconvertibility applicable*)

[Specific Non-Transferability]]

34 **Commodity Linked Redemption Notes:** [Applicable/Not Applicable]

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

(i) The identity of the relevant Commodity/Commodities/Commodity Index/Commodity Indices: [*Give or annex details of the relevant Commodity/Commodity Index, as applicable*]:

[The following apply only to Notes which have a single Commodity/Commodity Index]:

Commodity:	[*name and short description of commodity*] [Not Applicable]
Bullion Commodity:	[Applicable][Not Applicable]
Commodity Index:	[*name and short description of index and components*] [Not Applicable]
Commodity Reference Price:	[●][Commodity Reference Dealers]
Unit:	[●][Not Applicable]
Delivery Date:	[●][Nearby Month][Not Applicable]
Exchange:	[●][Not Applicable]
Price Source:	[●]
Specified Price:	[●][the high price][the low price][average of the high price and the low price][the closing price][the opening

price][the bid price][the asked price][the average of the bid price and the asked price][the settlement price][the official settlement price][the official price][the morning fixing][the afternoon fixing][the spot price]

Index Sponsor: [●][Not Applicable]

Fallback Reference Price: [●]

[The following apply only to Notes with a Commodities basket component]:

A basket composed of Commodities/Commodity Indices as specified below:

Commodity: [*name and short description of commodity*][Not Applicable]

Bullion Commodity: [Applicable][Not Applicable]

Commodity Index: [*name and short description of index and components*] [Not Applicable]

Commodity Reference Price: [●][Commodity Reference Dealers]

Unit: [●][Not Applicable]

Delivery Date: [●][Nearby Month][Not Applicable]

Exchange: [●][Not Applicable]

Price Source: [●]

Specified Price: [●][the high price][the low price][average of the high price and the low price][the closing price][the opening price][the bid price][the asked price][the average of the bid price and the asked price][the settlement price][the official settlement price][the official price][the morning fixing][the afternoon fixing][the spot price]

Index Sponsor: [●][Not Applicable]

Fallback Reference Price: [●]

[*Replicate the details in respect of each Commodity/Commodity Index in the basket*]

(ii) Redemption Amount: [[●]]
(*Populate the provisions below*)

[– Commodity Redemption Multiplier: [+/-][100]/[●] per cent.
(This may be a negative value.)]

[– Reference $Item_{initial}$: [[●]
(Insert relevant amount, unless Reference $Item_{initial}$

Determination or Reference Item$_{final}$ Averaging applies)]

[Reference Item$_{initial}$ Determination: [Applicable/Not Applicable]

[Reference Item$_{initial}$ Averaging: [Applicable/Not Applicable]

[– Valuation Date(s):

Valuation Date (where Reference Item$_{initial}$ Determination Applicable)	Valuation Dates$_t$ (where Reference Item$_{Initial}$ Averaging Applicable)
[N/A] [●]	[N/A] [●],[●],[●]

(*Insert the different Valuation Dates for the purpose of determining each Reference Item$_{initial}$, unless relevant amount specified in which case delete the above table*)]

[– Reference Item$_{final}$: [[●]

(Insert relevant amount, unless Reference Item$_{final}$ Determination or Reference Item$_{final}$ Averaging applies)]

[Reference Item$_{final}$ Determination: [Applicable/Not Applicable]

[Reference Item$_{final}$ Averaging: [Applicable/Not Applicable]

[– Valuation Date(s):

Valuation Date (where Reference Item$_{final}$ Determination Applicable)	Valuation Dates$_t$ (where Reference Item$_{final}$ Averaging Applicable)
[N/A] [●]	[N/A] [●],[●],[●]

(*Insert the different Valuation Dates for the purpose of determining each Reference Item$_{final}$, unless relevant amount specified in which case delete the above table*)]

[– Scaling Factor: [100/[●] per cent.]]

[– Cap %: [●]/[Infinity]]

[– Floor %: [●]/[Zero]]

(iii) Commodity Business Day Convention: [Following/Modified Following/Nearest/Preceding]

(iv) Common Pricing: [Applicable/Not Applicable]

(v) Commodity Business Day: [*Specify*/The definition in Condition 10 applies]

(vi) Market Disruption Event(s): [Other Market Disruption Events][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]]

(vii) Disruption Fallback(s): [Other Disruption Fallbacks] [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]]
	(viii) Maximum Days of Disruption:	[●][five]
	(ix) 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].
	(x) Correction Cut-Off Date:	[[●] Business Days prior to the Maturity Date/Not Applicable.]
	(xi) Trade Date:	[●]
35	**Credit Linked Notes:**	[Applicable][Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Settlement Method:	[Auction Settlement; the provisions of Condition 12(*b*) shall apply] [Cash Settlement; the provisions of Condition 12(*c*) shall apply]
	(ii) Settlement Currency:	[●]/[Specified Currency of the Notes]
	(iii) Trade Date:	[●]
	(iv) Scheduled Termination Date:	[The day falling [five] Business Days prior to the Scheduled Maturity Date/specify other]
	(v) Calculation Agent City Business Day:	[●]
	(vi) Domestic Currency:	[●]/[Not Applicable]
	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 12(*n*) [Applicable/Not Applicable]
	(x) Credit Events:	[Bankruptcy] [Failure to Pay] [Grace Period Extension (Condition 12(*e*)) [Applicable/Not Applicable] [If Applicable: Grace Period: [●]/[Not Applicable]] [Obligation Acceleration] [Obligation Default]

[Repudiation/Moratorium]

[Maturity Date Extension: Condition 12(*g*): [Applicable/Not Applicable]]

[Restructuring]

Provisions relating to Restructuring Credit Event: Condition 12(*k*) [Applicable/Not Applicable]

Provisions relating to Multiple Holder Obligation: Condition 12(*l*) [Applicable/Not Applicable]

[Restructuring Maturity Limitation and Fully Transferable Obligation [Applicable/Not Applicable]]

[Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation [Applicable/Not Applicable]]

– Default Requirement: [●]

– Payment Requirement: [●]/[Not Applicable]

(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 12(j).*) Specified Number: [●]]

(*If none specified, then it is deemed to be two.)*

(xii) Obligation(s):

– Obligation Category: (*Select one of the below)*

[Payment]

[Borrowed Money]

[Reference Obligations Only]

[Bond]

[Loan]

[Bond or Loan]

(*Select all characteristics that apply*)

– Obligation Characteristics: [Not Subordinated]

[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) Deliverable Obligation(s):

– Deliverable Obligation Category:	(*Select one of the below)* [Payment] [Borrowed Money] [Reference Obligations Only] [Bond] [Loan] [Bond or Loan] (*Select all characteristics that apply*)
– Deliverable Obligation Characteristics:	[Not Subordinated] [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] [Not Contingent] [Assignable Loan] [Consent Required Loan] [Direct Loan Participation] [Qualifying Participation Seller: [●]/[Not Applicable] [Transferable] [Maximum Maturity] [Accelerated or Matured] [Not Bearer]
– Additional Deliverable Obligation(s):	[●]
(xv) Excluded Deliverable Obligation(s):	[●]
(xvi) Provisions relating to Monoline Insurer to Reference Entity:	Condition 12(*m*) [Applicable/Not Applicable]
(xvii) Accrual of Interest upon Credit Event:	[Applicable/Not Applicable]
(xviii) Merger Event:	Condition 12(*i*): [Applicable/Not Applicable]
– If Applicable: Merger Event Redemption Date:	[●]
(xix) Unwind Costs:	[Standard Unwind Costs/other/Not Applicable]
Terms relating to Cash Settlement	
(xx) Credit Event Redemption	[*Express per Calculation Amount*/The definition in Condition

	Amount:	12(*j*) shall apply]
(xxi)	Credit Event Redemption Date:	[●] Business Days/[●]
(xxii)	Valuation Date:	[Single Valuation Date: [●] Business Days] [Multiple Valuation Dates: [●] Business Days; and each [●] Business Days thereafter. Number of Valuation Dates: [●]]
(xxiii)	Valuation Time:	[●]/[Not Applicable]
(xxiv)	Quotation Method:	[Bid/Offer/Mid-market]
(xxv)	Quotation Amount:	[[●]/Representative Amount]
(xxvi)	Minimum Quotation Amount:	[●]/[Not Applicable]]
(xxvii)	Quotation Dealers:	[●]/[Not Applicable]
(xxviii)	Quotation:	[Include Accrued Interest/Exclude Accrued Interest]
(xxix)	Valuation Method:	[Market/Highest] [Average Market/Highest/Average Highest] [Blended Market/Blended Highest] [Average Blended Market/Average Blended Highest]
(xxx)	other terms or special condition	[●]
Additional terms relating to Auction Settlement:		
(xxxi)	Auction Settlement Date:	[●]/[5 Business Days]/[as specified in the Transaction Auction Settlement Terms]
(xxxii)	Fallback Settlement Method:	Cash Settlement]
(xxxiii)	Additional Business Centre(s):	[●][Not Applicable]
(xxxiv)	Business Day Convention for purposes of Condition 12:	[Following/Modified Following/Preceding]
(xxxv)	Succession Event Backstop Date subject to adjustment in accordance with Business Day Convention:	[Yes/No]
(xxxvi)	Limitation Dates subject to adjustment in accordance with Business Day Convention:	[Yes/No]

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]]

	(ii) New Global Note:	[Yes] [No]
37	Calculation Agent responsible for calculating the [Variable] Rate(s) of Interest, Interest Amount(s), Redemption Amount(s) and for making calculations pursuant to [Condition 3(*c*)][Condition 6][Condition 7][Condition 8][Condition 9][Condition 10][Condition 11][Condition 12][Condition 5(*e*)][the Conditions]:	[(*Give name and address*)]
38	Additional Financial Centre(s) and/or other elections 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"*) [TARGET Not Required] [Principal Financial Centre Not Required]
39	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)]]
40	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)*
41	Details relating to Instalment Notes:	
	(i) Instalment Amount(s):	[Not Applicable/*give details*]
	(ii) Instalment Date(s):	[Not Applicable/*give details*]

DISTRIBUTION

42	(i) If syndicated, names of Managers:	[Not Applicable/*give names*] (*Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses 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. Describe underwriting*)
	(ii) Date of Subscription Agreement:	[●]
	(iii) Stabilising Manager (if any):	[Not Applicable/*give name*]
43	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]

44	Total commission and concession:	[●] per cent. of the Aggregate Nominal Amount
45	U.S. Selling Restrictions:	Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]
46	Additional selling restrictions:	[Not Applicable/*give details*]

THIRD PARTY INFORMATION

[[●] (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

By: _____
Duly authorised

PART B – OTHER INFORMATION

1. **ADMISSION TO TRADING:**

(i) 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 [●].] [Not Applicable.]
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.] [[*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*

[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).

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/Authorised Offerors], 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".*)

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

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

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 [THE INDEX/BASKET OF INDICES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT 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/indices/formula(s) can be obtained on [*insert relevant Bloomberg page*].

[*Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.*]

[*Need to include the name of [the/each] Index/Indices and a description if composed by the Issuer and if [the/each] Index/Indices 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 Base Prospectus under Article 16 of the Prospectus Directive.*)]

9. **PERFORMANCE OF INFLATION AND OTHER INFORMATION CONCERNING INFLATION INDEX]** (*Inflation Linked Notes only*)

The details of past and future performance and volatility of the relevant rates/formula/currencies/ inflation index 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.*)]

10. **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.)*]

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

The details of past and future performance and volatility of the relevant rates/formula/currencies/ 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.)]

12. **PERFORMANCE OF [THE UNDERLYING COMMODITY/BASKET OF UNDERLYING COMMODITIES/THE COMMODITY INDEX/ BASKET OF 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.*)]

13. **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.*)]

14. **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)	Agent:	[KBL European Private Banker S.A] [*other*]
(vi)	Names and addresses of additional Paying Agent(s) (if any):	[●] (*Insert here any other relevant codes such as CUSIP and CINS codes*)
(vii)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes] [No]

FORM OF THE NOTES

This section provides a general overview of the form in which the Notes may be issued.

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 specified in the applicable Final Terms to be issued in new global note ("NGN") form, 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 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 Amounts (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 Amounts (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, receipt, 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 16) 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 20 (*Notices*) 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 and on all interest coupons:

'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 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 16. 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 4 July 2013 as amended and/or supplemented and/or restated from time to time executed by the Issuer.

In Belgium, Notes shall not be physically delivered, 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.

TERMS AND CONDITIONS OF THE NOTES

This section sets out the contractual terms and conditions of the Notes. The subsections on Interest Amounts and redemption contain certain options for determining interest payments (if any), early redemption rights and final redemption payments. The Final Terms will indicate which of these options shall apply for each specific Notes issuance.

The following are the Terms and Conditions of the Notes which, as completed in accordance with the applicable Final Terms, will be incorporated by reference into each Global Note (as defined below) and each Definitive Note (as defined below), 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 (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 (a "Definitive Note") and (iii) any Global Note.

The Notes, the Receipts (as defined below) and any Coupons (as defined below) are issued pursuant to and have the benefit of an Agency Agreement (the "Agency Agreement") dated 4 July 2013 as amended and/or supplemented and/or restated from time to time in relation to the Issuer's €25,000,000,000 Wholesale 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. 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 and complete these Terms and Conditions (the "Conditions") for the purposes of such Series of Notes. 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 the Notes has been guaranteed by the Guarantor pursuant to a deed of guarantee dated 4 July 2013 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 by the Guarantor as described in Condition 2 (*Status of the Notes and the Guarantee*). 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 4 July 2013 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 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 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.

Notes may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Range Accrual Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Inflation Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Fund Linked Interest Notes (each, an "Interest Basis") or a combination of any of the foregoing, depending upon the Interest Basis or Interest Bases shown in the applicable Final Terms. The Notes will be Fixed Redemption Notes (redeeming at par unless the Final Redemption Amount is otherwise specified in the applicable Final Terms), Index Linked Redemption Notes, Equity Linked Redemption Notes, Inflation Linked Redemption Notes, Currency Linked Redemption Notes, Commodity Linked Redemption Notes, Credit Linked Notes and may be Partly Paid Notes, Instalment Notes and/or Autocall Notes, 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 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 or 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 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 Amounts 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

(a) Ranking of Notes and Coupons

The Notes and the relevant 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.

(b) Notes Guaranteed

The Notes are guaranteed as to payment of principal and Interest Amounts by the Guarantor upon the terms contained in the Guarantee.

(c) Ranking of Claims on the Guarantee

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

The applicable Final Terms may specify one or more Interest Basis as being applicable to the Notes. Where more than one Interest Basis is applicable, the Notes shall bear interest in accordance with each of the provisions of this Condition 3 that apply to each applicable Interest Basis. Where an Interest Basis specified in the applicable Final Terms is:

(i) Index Linked Interest Notes, then the provisions of this Condition 3 are subject to Condition 6;

(ii) Equity Linked Interest Notes, then the provisions of this Condition 3 are subject to Condition 7;

(iii) Inflation Linked Interest Notes, then the provisions of this Condition 3 are subject to Condition 8;

(iv) Currency Linked Interest Notes, then the provisions of this Condition 3 are subject to Condition 9;

(v) Commodity Linked Interest Notes, then the provisions of this Condition 3 are subject to Condition 10;

(vi) Fund Limited Interest Notes, then the provisions of this Condition 3 are subject to Condition 11; and

(vii) Credit Linked 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) its Interest Commencement Date at the rate(s) per annum (expressed as a percentage) equal to the Rate(s) of Interest specified in the applicable Final Terms. 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 Interest Amount (as defined in Condition 3*(f)*) payable on Fixed Rate Notes in respect of any Interest Period shall be calculated by applying the relevant 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 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. 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 in accordance with this Condition 3(*a*) 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 Conditions:

"Fixed Day Count Fraction" means, in respect of the calculation of an Interest Amount 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 applicable 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:

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

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;

(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:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 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; and

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

where:

"Determination Period" means, for the purposes of Actual/Actual (ICMA) only, the period from (and including) a Determination Date to (but excluding) the next Determination Date (including where either the applicable Interest Commencement Date or 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).

(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 and Inflation Linked Interest Notes*

(i) *Interest Period End Dates and Interest Payment Dates*

Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Commodity Linked Interest Notes, Inflation Linked Interest Notes and Currency Linked Interest Notes bear 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) their Interest Commencement Date. Interest will accrue in respect of each Interest Period (as defined in Condition 3*(f)*) relating to an Interest Basis and will be payable in arrear on the applicable Interest Payment Date(s). The Interest Amount payable shall be calculated in accordance with Condition 3*(b)*(iv).

(ii) *Rate(s) of Interest*

The rate(s) of interest payable from time to time in respect of Notes that are Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Commodity Linked Interest Notes, Inflation Linked Interest Notes and/or

Currency Linked Interest Notes will be equal to the rate(s) of interest determined in accordance with this Condition 3*(b)*(ii), depending on the Interest Variable Option specified for each such applicable Interest Basis in the applicable Final Terms (each, a "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).

For the purposes of any calculations required to calculate a Variable Rate of Interest, unless otherwise specified, all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded upwards).

(A) ISDA Determination

For Floating Rate Notes in respect of which ISDA Determination is specified in the applicable Final Terms as the Interest Variable Option, the Variable Rate of Interest for an 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 specified in the applicable Final Terms.

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 Calculation Agent under an interest rate 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 Calculation Agent 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) For Floating Rate Notes in respect of which Screen Rate Determination is specified in the applicable Final Terms as the Interest Variable Option, the Variable Rate of Interest for an Interest Period will, subject as provided below, be the product of (a) either:

(I) the offered quotation; or

(II) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Specified Time (as defined in Condition 3*(b)*(ii)(B)(4) below) on the Interest Determination Date in question plus or minus the Margin (if any) (as indicated in the applicable Final Terms), all as determined by the

Calculation Agent and (b) the Interest Multiplier specified in the applicable Final Terms.

(2) If the Reference Rate is specified in the applicable Final Terms to be LIBOR or EURIBOR, where:

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

(b) the Relevant Screen Page is not available or if in the case of Condition 3*(b)(*ii)(B)(1)(I) above, no such offered quotation appears or, in the case of Condition 3*(b)*(ii)(B)(1)(II) above, fewer than three such offered quotations appear, in each case as at the Specified Time (as defined in Condition 3*(b)*(ii)(B)(4) below), the Calculation Agent shall request each of the Reference Banks (as defined in Condition 3*(b)*(ii)(B)(4) below) to provide the Calculation Agent 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 and if on any Interest Determination Date:

(i) two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Variable Rate of Interest for such Interest Period shall be the product of (a) the arithmetic mean (rounded as provided above) of such offered quotations, plus or minus (as appropriate) the Margin (if any), and (b) the Interest Multiplier specified in the applicable Final Terms; or

(ii) fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the Variable Rate of Interest for the relevant Interest Period shall be the product of (a) 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 Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London interbank market or, if the Reference Rate is EURIBOR, the Euro-zone interbank market, as the case may be, plus or minus (as appropriate) the Margin (if any) and (b) the Interest Multiplier specified in the applicable Final Terms,

all as determined by the Calculation Agent; or

(c) 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.

(3) If the Reference Rate is CMS and no quotation appears on the Relevant Screen Page at the Specified Time on the relevant Interest Determination Date, then the Variable Rate of Interest 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 the Specified Time on the relevant Interest Determination Date. The Calculation Agent 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 practice. If at least three quotations are provided, the Variable Rate of Interest for the relevant Interest Period will be the product of (a) the arithmetic mean (rounded as provided above) 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 plus or minus (as appropriate) the Margin (if any) and (b) the Interest Multiplier specified in the applicable Final Terms. If fewer than three quotations are provided, the Calculation Agent will determine the Variable Rate of Interest in its sole discretion.

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

"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 Calculation Agent 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

For Floating Rate Notes in respect of which 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) $[(Rate_1 - \{Rate_2 \; x \; SF\}) \pm Margin]; and$

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(C)(1), unless a fixed percentage is 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) Condition 3*(b)*(ii)(A) above, if ISDA Determination is specified as the $Rate_1$ Variable Option or $Rate_2$ Variable Option, respectively, for which purpose the Floating Rate Option, Designated Maturity and Reset Date are as set out in the Rates Variable paragraph of the applicable Final Terms or (II) Condition 3*(b)*(ii)(B) above, if Screen Rate Determination is specified as the $Rate_1$ Variable Option or $Rate_2$ Variable Option, for which purpose only (a) the Reference Rate, Interest Determination Date and Relevant Screen Page are as set out in the Rates Variance paragraph of the applicable Final Terms, (b) the Interest Multiplier is 100 per cent. and (c) there is no Margin.

"SF" means the Scaling Factor specified in the applicable Final Terms.

(D) Evolution of Underlying Commodity

For Commodity Linked Interest Notes in respect of which Evolution of Underlying Commodity 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) $\left[\left(\frac{\left\{\text{Commodity}_t - \left[\text{Commodity}_{t-1} \times \text{SF}\right]\right\}}{\text{Commodity}_{t-1}}\right) \pm \text{Margin}\right]$; and

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(D)(1), the value of Commodity_t for each Interest Period will be equal to the Commodity Reference Price (as defined in Condition 10*(f)*) determined in accordance with Condition 10 in respect of the Valuation Date relating to such Interest Period, and the value of any Commodity_{-1} for each Interest Period will be equal to the Commodity Reference Price determined in accordance with Condition 10 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, the $\text{Commodity}_{\text{initial}}$ Valuation Date).

"SF" means the Scaling Factor specified in the applicable Final Terms.

(E) Evolution of Commodity Index

For Commodity Linked Interest Notes in respect of which Evolution of Commodity 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) $\left[\left(\frac{\left\{\text{Commodity Index}_t - \left[\text{Commodity Index}_{t-1} \times \text{SF}\right]\right\}}{\text{Commodity Index}_{t-1}}\right) \pm \text{Margin}\right]$; and

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(E)(1), the value of Commodity Index_t for each Interest Period will be equal to the Commodity Reference Price (as defined in Condition 10*(f)*) determined in accordance with Condition 10 in respect of the Valuation Date relating to such Interest Period, and the value of any $\text{Commodity Index}_{-1}$ for each Interest Period will be equal to the Commodity Index Reference Price determined in accordance with Condition 10 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, the $\text{Commodity Index}_{\text{initial}}$ Valuation Date).

"SF" means the Scaling Factor specified in the applicable Final Terms.

(F) Evolution of Basket of Underlying Commodities

For Commodity Linked Interest Notes in respect of which 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) $\left[\left(\frac{\left\{\text{Commodity Basket}_t - \left[\text{Commodity Basket}_{t-1} \times \text{SF}\right]\right\}}{\text{Commodity}_{t-1}}\right) \pm \text{Margin}\right]$; and

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(F)(1), the value of $\text{Commodity Basket}_t$ for each Interest Period will be equal to the Commodity Reference Price (as defined in Condition 10*(f)*) determined in accordance with Condition 10 in respect of the Valuation Date relating to such Interest Period, and the value of any $\text{Commodity Basket}_{t-1}$ for each Interest Period will be equal to the Commodity Reference Price determined in accordance with Condition 10 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, the $\text{Commodity Basket}_{\text{initial}}$ Valuation Date).

"SF" means the Scaling Factor specified in the applicable Final Terms.

(G) Evolution of Basket of Commodity Indices

For Commodity Linked Interest Notes in respect of which Evolution of Basket of Commodity Indices 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) $\left[\left(\frac{\left\{\text{Commodity Indices Basket}_t - \left[\text{Commodity Indices Basket}_{t-1} \times \text{SF}\right]\right\}}{\text{CommodityIndex}_{t-1}}\right) \pm \text{Margin}\right]$; and

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(G)(1), the value of Commodity Indices Basket_t for each Interest Period will be equal to the Commodity Reference Price (as defined in Condition 10*(f)*) determined in accordance with Condition 10 in respect of the Valuation Date relating to such Interest Period, and the value of any Commodity Indices Basket_{t-1} for each Interest Period will be equal to the Commodity Reference Price determined in accordance with Condition 10 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, the Commodity Indices $\text{Basket}_{\text{initial}}$ Valuation Date).

"SF" means the Scaling Factor specified in the applicable Final Terms.

(H) Evolution of Underlying Equity

For Equity Linked Interest Notes in respect of which Evolution of Underlying Equity 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) $\left[\left(\frac{\left\{\text{Equity}_t - \left[\text{Equity}_{t-1} \times \text{SF}\right]\right\}}{\text{Equity}_{t-1}}\right) \pm \text{Margin}\right]$; and

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(H)(1), the value of Equity_t for each Interest Period will be equal to the Reference Price (as defined in Condition 7*(d)*) determined (and subject to adjustment) in accordance with Condition 7 in respect of the Valuation Date relating to such Interest Period, and the value of any Equity_{t-1} for each Interest Period will be equal to the Reference Price (as defined in Condition 7*(d)*) determined (and subject to adjustment) in accordance with Condition 7 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, the $\text{Equity}_{\text{initial}}$ Valuation Date).

"SF" means the Scaling Factor specified in the applicable Final Terms.

(I) Evolution of Basket of Underlying Equities

For Equity Linked Interest Notes in respect of which 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) $\left[\left(\frac{\left\{\text{Equity Basket}_t - \left[\text{Equity Basket}_{t-1} \times \text{SF}\right]\right\}}{\text{Equity Basket}_{t-1}}\right) \pm \text{Margin}\right]$; and

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(I)(1), the value of EquityBasket_t for each Interest Period will be equal to the Reference Price (as defined in Condition 7*(d)*) determined (and subject to adjustment) in accordance with Condition 8 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 (as defined in Condition 7*(d)*) determined (and subject to adjustment) in accordance with Condition 7 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, the $\text{EquityBasket}_{\text{initial}}$ Valuation Date).

"SF" means the Scaling Factor specified in the applicable Final Terms.

(J) Evolution of Underlying Fund Interest

For Fund Linked Interest Notes in respect of which Evolution of Underlying Fund Interest 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) $\left[\left(\frac{\left\{\text{Fund}_t - \left[\text{Fund}_{t-1} \text{ x SF}\right]\right\}}{\text{Fund}_{t-1}}\right) (\pm \text{ Margin})\right]$; and

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(J)(1), the value of Fund_t for each Interest Period will be equal to the Reference Price (as defined in Condition 11(*f*)) determined in accordance with Condition 11 in respect of the Valuation Date relating to such Interest Period, and the value of any Fund_{t-1} for each Interest Period will be equal to the Reference Price determined in accordance with Condition 11 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, the $\text{Fund}_{\text{initial}}$ Valuation Date).

"SF" means the Scaling Factor specified in the applicable Final Terms.

(K) Evolution of Basket of Underlying Fund Interests

For Fund Linked Interest Notes in respect of which 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) $\left[\left(\frac{\left\{\text{Fund Basket}_t - \left[\text{Fund Basket}_{t-1} \text{ x SF}\right]\right\}}{\text{Fund Basket}_{t-1}}\right) \pm \text{Margin}\right]$; and

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(K)(1), the value of FundBasket_t for each Interest Period will be equal to the Reference Price (as defined in Condition 11(*f*)) determined in accordance with Condition 11 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 11 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, the $\text{FundBasket}_{\text{initial}}$ Valuation Date).

"SF" means the Scaling Factor specified in the applicable Final Terms.

(L) Evolution of Index

For Index Linked Interest Notes in respect of which 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) $\left[\left(\frac{\left\{\text{Index}_t - \left[\text{Index}_{t-1} \times \text{SF}\right]\right\}}{\text{Index}_{t-1}}\right) \pm \text{Margin}\right]$; and

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(L)(1), the value of any Index_t for each Interest Period will be equal to the Reference Price (as defined in Condition 6*(d)*) determined (and subject to adjustment) in accordance with Condition 6 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 (as defined in Condition 6*(d)*) determined (and subject to adjustment) in accordance with Condition 6 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, the $\text{Index}_{\text{initial}}$ Valuation Date).

"SF" means the Scaling Factor specified in the applicable Final Terms.

(M) Evolution of Basket of Indices

For Index Linked Interest Notes in respect of which Evolution of Basket of Indices 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) $\left[\left(\frac{\left\{Index\ Basket_t - [Index\ Basket_{t-1} \times SF)\right]}{Index\ Basket_{t-1}}\right) \pm \text{Margin}\right]$; and

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3(*b*)(ii)(M)(1), the value of Index Basket_t for each Interest Period will be equal to the Reference Price (as defined in Condition 6(*d*)) determined (and subject to adjustment) in accordance with Condition 6 in respect of the Valuation Date relating to such Interest Period, and the value of any IndexBasket_{t-1} for each Interest Period will be equal to the Reference Price (as defined in Condition 6(*d*)) determined (and subject to adjustment) in accordance with Condition 6 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, the Index $\text{Basket}_{\text{initial}}$ Valuation Date).

"SF" means the Scaling Factor specified in the applicable Final Terms.

(N) Evolution of Inflation

For Inflation Linked Interest Notes in respect of which Evolution of Inflation 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) $\left[\left(\frac{\left\{\text{Inflation}_t - \left[\text{Inflation}_{t-1} \times \text{SF}\right]\right\}}{\text{Inflation}_{t-1}}\right) \pm \text{Margin}\right]$; and

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(N)(1), the value of any Inflation_t for each Interest Period will be equal to the Relevant Level (as defined in Condition 8*(c)*) determined (and subject to adjustment) in accordance with Condition 8 in respect of the Reference Month relating to such Interest Period, and the value of any Inflation_{t-1} for each Interest Period will be equal to the Relevant Level (as defined in Condition 8*(c)*) determined (and subject to adjustment) in accordance with Condition 8 in respect of the Reference Month relating to the immediately preceding Interest Period (or, with respect to the first Interest Period following the Interest Commencement Date, the $\text{Inflation}_{\text{initial}}$ Reference Month).

"SF" means the Scaling Factor specified in the applicable Final Terms.

(O) Evolution of Currency

For Currency Linked Interest Notes in respect of which Evolution of Currency is specified as the Interest Variable Option, in each case within the applicable Final Terms, the Variable Rate of Interest for each Interest Period will be the product of:

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

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(O)(1), the value of any Currency_t for each Interest Period will be equal to the Reference Price (as defined in Condition 9*(c)*) determined (and subject to adjustment) in accordance with Condition 9 in respect of the Valuation Date relating to such Interest Period, and the value of any Currency_{t-1} for each Interest Period will be equal to the Reference Price (as defined in Condition 9*(c)*) determined (and subject to adjustment) in accordance with Condition 9 in respect of the Valuation Date relating to the immediately preceding Interest Period (or, with respect to the first Interest Period following its Interest Commencement Date, the $\text{Currency}_{\text{initial}}$ Valuation Date).

"SF" means the Scaling Factor specified in the applicable Final Terms.

(P) Asian Option – Interest Rates

For Floating Rate Notes in respect of which 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) $\left[\left(\frac{Rate_{t1} + Rate_{t2} + \cdots + Rate_{tn}}{n}\right) \pm Margin\right]$; and

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(P)(1), the value of any Rate_t for each Interest Period will be equal to the Variable Rate of Interest determined in accordance with (I) Condition 3*(b)*(ii)(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 Asian Option – Interest Rates paragraph of the applicable Final Terms or (II) Condition 3*(b)*(ii)(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 Asian Option – Interest Rates paragraph of the applicable Final Terms (b) the Interest Multiplier is 100 per cent. and (c) there is no Margin.

"n" means the actual number of valuations obtained for the determination of the Variable Rate of Interest, subject to any adjustments.

(Q) Asian Option – Index/Basket of Indices

(i) For Index Linked Interest Notes in respect of which 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) $\left[\left(\frac{\left\{\frac{Index_{t1} + Index_{t2} + \cdots + Index_{tn}\}}{n} - [Index_{initial} \times SF]\right.}{Index_{initial}}\right) \pm Margin\right]$; and

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(Q)(i)(1), the value of (I) $\text{Index}_{\text{initial}}$ will be equal to the arithmetic average of the relevant Reference Price(s) (as defined in Condition 6(*d*)) determined (and subject to adjustment) in

accordance with Condition 6 in respect of each $Index_{initial}$ Valuation Date specified in the applicable Final Terms and (II) any $Index_t$ for each Interest Period will be equal to the Reference Price (as defined in Condition 6*(d)*) determined (and subject to adjustment) in accordance with Condition 6 in respect of the Valuation Date relating to such $Index_t$ and the relevant Interest Period.

"SF" means the Scaling Factor specified in the applicable Final Terms.

"n" means the actual number of valuations obtained for the determination of the Variable Rate of Interest, subject to any adjustments.

(ii) For Index Linked Interest Notes in respect of which Asian Option – Basket of Indices is specified as the Interest Variable Option, in each case within the applicable Final Terms, the Variable Rate of Interest for each Interest Period will be the product of:

(1) $$\left[\left(\frac{\frac{\{Index\ Basket_{t1} \pm Index\ Basket_{t2} \pm \ldots \pm Index\ Basket_{tn}\}}{n} - [Index\ Basket_{initial}\ x\ SF]}{Index\ Basket_{initial}}\right) \pm Margin\right]$$;
and

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3(b)(ii)(Q)(ii)(1), the value of (I) $Index\ Basket_{initial}$ will be equal to the arithmetic average of the relevant Reference Price(s) (as defined in Condition 6(*d*)) determined (and subject to adjustment) in accordance with Condition 6 in respect of each $Index\ Basket_{initial}$ Valuation Date specified in the applicable Final Terms and (II) any Index Baskett for each Interest Period will be equal to the Reference Price (as defined in Condition 6(d)) determined (and subject to adjustment) in accordance with Condition 6 in respect of the Valuation Date relating to such Index Baskett and the relevant Interest Period.

For the purposes of the above, "SF" means the Scaling Factor specified in the applicable Final Terms.

"n" means the actual number of valuations obtained for the determination of the Variable Rate of Interest, subject to any adjustments.

(R) Asian Option – Inflation

For Inflation Linked Interest Notes in respect of which Asian Option – Inflation 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) $$\left[\left(\frac{\frac{\{Inflation_{t1} + Inflation_{t2} + \ldots + Inflation_{tn}\}}{n} - [Inflation_{initial}\ x\ SF]}{Inflation_{initial}}\right) \pm Margin\right]$$;
and

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(R)(1), the value of (I) $Inflation_{initial}$ will be equal to the arithmetic average of the relevant Relevant Level(s) (as defined in Condition 8(*b*)) determined (and subject to adjustment) in accordance with Condition 8 in respect of each $Inflation_{initial}$ Reference Month specified in the applicable Final Terms and (II) any $Inflation_t$ for each Interest Period will be equal to the Relevant Level (as defined in Condition 8*(b)*) determined (and subject to adjustment) in accordance with Condition 8 in respect of the Reference Month relating to such $Inflation_t$ and the relevant Interest Period.

"SF" means the Scaling Factor specified in the applicable Final Terms.

"n" means the actual number of valuations obtained for the determination of the Variable Rate of Interest, subject to any adjustments.

(S) Asian Option – Underlying Commodity / Basket of Underlying Commodities

(i) For Commodity Linked Interest Notes in respect of which Asian Option – Underlying Commodity 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) $$\left[\left(\frac{\frac{\text{Commodity}_{t1} + \text{Commodity}_{t2} + \ldots + \text{Commodity}_{tn}}{n} - \left[\text{Commodity}_{initial} \times SF\right]}{\text{Commodity}_{initial}}\right) \pm \text{Margin}\right]$$; and

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(S)(i)(1), the value of (I) $\text{Commodity}_{initial}$ will be equal to the arithmetic average of the relevant Reference Price(s) (as defined in Condition 10(*f*)) determined (and subject to adjustment) in accordance with Condition 10 in respect of each $\text{Commodity}_{initial}$ Valuation Date specified in the applicable Final Terms and (II) any Commodity_t for each Interest Period will be equal to the Commodity Reference Price (as defined in Condition 10*(f)*)) determined in accordance with Condition 10 in respect of the Valuation Date relating to such Commodity_t.

"SF" means the Scaling Factor specified in the applicable Final Terms.

(ii) For Commodity Linked Interest Notes in respect of which Asian Option – Basket of Underlying Commodities is specified as the Interest Variable Option, in each case within the applicable Final Terms, the Variable Rate of Interest for each Interest Period will be the product of:

(1) $$\left[\left(\frac{\frac{\text{Commodity Basket}_{t1} + \text{Commodity Basket}_{t2} + \ldots + \text{Commodity Basket}_{tn}}{n} - \left[\text{Commodity Basket}_{initial} \times SF\right]}{\text{Commodity Basket}_{initial}}\right) \pm \text{Margin}\right]$$; and

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(S)(ii)(1), the value of (I) Commodity $\text{Basket}_{initial}$ will be equal to the arithmetic average of the relevant Reference Price(s) (as defined in Condition 10(*f*)) determined (and subject to adjustment) in accordance with Condition 10 in respect of each Commodity $\text{Basket}_{initial}$ Valuation Date specified in the applicable Final Terms and (II) any Commodity Basket_t for each Interest Period will be equal to the Commodity Reference Price (as defined in Condition 10*(f)*)) determined in accordance with Condition 10 in respect of the Valuation Date relating to such Commodity Basket_t.

"SF" means the Scaling Factor specified in the applicable Final Terms.

"n" means the actual number of valuations obtained for the determination of the Variable Rate of Interest, subject to any adjustments.

(T) Asian Option – Commodity Index / Basket of Commodity Indices

(i) For Commodity Linked Interest Notes in respect of which Asian Option – Commodity 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) $$\left[\left(\frac{\frac{\text{CommodityIndex}_{t1} + \text{CommodityIndex}_{t2} + \ldots + \text{CommodityIndex}_{tn}}{n} - \left[\text{CommodityIndex}_{initial} \times SF\right]}{\text{CommodityIndex}_{initial}}\right) \pm \text{Margin}\right]$$; a

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(T)(i)(1), the value of (I) Commodity $\text{Index}_{\text{initial}}$ will be equal to the arithmetic average of the relevant Reference Price(s) (as defined in Condition 10(*f*)) determined (and subject to adjustment) in accordance with Condition 10 in respect of each Commodity $\text{Index}_{\text{initial}}$ Valuation Date specified in the applicable Final Terms and (II) any Commodity Index_t for each Interest Period will be equal to the Commodity Reference Price (as defined in Condition 10*(f)*)) determined in accordance with Condition 10 in respect of the Valuation Date relating to such Commodity Index_t.

"SF" means the Scaling Factor specified in the applicable Final Terms.

(ii) For Commodity Linked Interest Notes in respect of which Asian Option – Basket of Commodity Indices is specified as the Interest Variable Option, in each case within the applicable Final Terms, the Variable Rate of Interest for each Interest Period will be the product of:

(1) $$\left[\left(\frac{\frac{\text{Commodity Indices Basket}_{t1} + \text{Commodity Indices Basket}_{t2} + \ldots + \text{Commodity Indices Basket}_{tn}}{n} - \left[\text{Commodity Indices Basket}_{\text{initial}} \times \text{SF}\right]}{\text{Commodity Indices Basket}_{\text{initial}}}\right) \pm \text{Margin}\right]; \text{ and}$$

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(T)(ii)(1), the value of (I) Commodity Indices $\text{Basket}_{\text{initial}}$ will be equal to the arithmetic average of the relevant Reference Price(s) (as defined in Condition 10(*f*)) determined (and subject to adjustment) in accordance with Condition 10 in respect of each Commodity Indices $\text{Basket}_{\text{initial}}$ Valuation Date specified in the applicable Final Terms and (II) any Commodity Indices Basket_t for each Interest Period will be equal to the Commodity Reference Price (as defined in Condition 10*(f)*)) determined in accordance with Condition 10 in respect of the Valuation Date relating to such Commodity Indices Basket_t.

"SF" means the Scaling Factor specified in the applicable Final Terms.

"n" means the actual number of valuations obtained for the determination of the Variable Rate of Interest, subject to any adjustments.

(U) Asian Option – Underlying Equity / Basket of Underlying Equities

(i) For Equity Linked Interest Notes in respect of which Asian Option – Underlying Equity 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) $$\left[\left(\frac{\frac{\{Equity_{t1} \pm Equity_{t2} \pm \ldots \pm Equity_{tn}\}}{n} - [Equity_{initial} \times SF]}{Equity_{initial}}\right) \pm Margin\right]; \text{ and}$$

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(U)(i)(1), the value of (I) $\text{Equity}_{\text{initial}}$ will be equal to the arithmetic average of the relevant Reference Price(s) (as defined in Condition 7(*d*)) determined (and subject to adjustment) in accordance with Condition 7 in respect of each $\text{Equity}_{\text{initial}}$ Valuation Date specified in the applicable Final Terms and (II) any Equity_t for each Interest Period will be equal to the Reference Price (as defined in Condition 7*(d)*) determined (and subject to adjustment) in accordance with Condition 7 in respect of the Valuation Date relating to such Equity_t and the relevant Interest Period.

"SF" means the Scaling Factor specified in the applicable Final Terms.

"n" means the actual number of valuations obtained for the determination of the Variable Rate of Interest, subject to any adjustments.

(ii) For Equity Linked Interest Notes in respect of which Asian Option – Basket of Underlying Equities is specified as the Interest Variable Option, in each case within the applicable Final Terms, the Variable Rate of Interest for each Interest Period will be the product of:

(1) $\left[\left(\frac{\frac{\{Equity\ Basket_{t1} \pm\ Equity\ Basket_{t2} \pm \ldots \pm Equity\ Basket_{tn}\}}{n} - [Equity\ Basket_{initial}\ x\ SF]}{Equity\ Basket_{initial}}\right) \pm Margin\right]$; and

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(U)(ii)(1), the value of (I) $EquityBasket_{initial}$ will be equal to the arithmetic average of the relevant Reference Price(s) (as defined in Condition 7(*d*)) determined (and subject to adjustment) in accordance with Condition 7 in respect of each $EquityBasket_{initial}$ Valuation Date specified in the applicable Final Terms and (II) any $EquityBasket_t$ for each Interest Period will be equal to the Reference Price (as defined in Condition 7*(d)*) determined (and subject to adjustment) in accordance with Condition 7 in respect of the Valuation Date relating to such Equity $Basket_t$ and the relevant Interest Period.

"SF" means the Scaling Factor specified in the applicable Final Terms.

"n" means the actual number of valuations obtained for the determination of the Variable Rate of Interest, subject to any adjustments.

(V) Asian Option – Currency

For Currency Linked Interest Notes in respect of which Asian Option – Currency is specified as the Interest Variable Option, in each case within the applicable Final Terms, the Variable Rate of Interest for each Interest Period will be the product of:

(1) $\left[\left(\frac{Currency_{initial} - \left\{\left[\frac{Currency_{t1} \pm\ Currency_{t2} \pm \cdots \pm Currency_{tn}}{n}\right] \times SF\right\}}{\left[\frac{Currency_{t1} \pm\ Currency_{t2} \pm \cdots \pm Currency_{tn}}{n}\right]}\right) \pm Margin\right]$; and

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(V)(1), the value of (I) $Currency_{initial}$ will be equal to the arithmetic average of the relevant Reference Price(s) (as defined in Condition 9(*c*)) determined (and subject to adjustment) in accordance with Condition 9 in respect of each $Currency_{initial}$ Valuation Date specified in the applicable Final Terms and (II) any $Currency_t$ for each Interest Period will be equal to the Reference Price (as defined in Condition 9*(c)*) determined (and subject to adjustment) in accordance with Condition 9 in respect of the Valuation Date relating to such $Currency_t$.

"SF" means the Scaling Factor specified in the applicable Final Terms.

"n" means the actual number of valuations obtained for the determination of the Variable Rate of Interest, subject to any adjustments.

(W) Asian Option – Underlying Fund Interest / Basket of Underlying Fund Interests

(i) For Fund Linked Interest Notes in respect of which Asian Option – Underlying Fund Interest is specified as the Interest Variable Option, in each case within the applicable Final Terms, the Variable Rate of Interest for each Interest Period will be the product of:

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

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(W)(i)(1), the value of (I) $Fund_{initial}$ will be equal to the arithmetic average of the relevant Reference Price(s) (as defined in Condition 11(*e*)) determined (and subject to adjustment) in accordance with Condition 11 in respect of each $Fund_{initial}$ Valuation Date specified in the applicable Final Terms and (II) any $Fund_t$ for each Interest Period will be equal to the Reference Price (as defined in Condition 11*(e)*) determined in accordance with Condition 11 in respect of the Valuation Date relating to such $Fund_t$.

"SF" means the Scaling Factor specified in the applicable Final Terms.

"n" means the actual number of valuations obtained for the determination of the Variable Rate of Interest, subject to any adjustments.

(ii) Where the Fund Linked Interest Note provisions are specified to be applicable and Asian Option – Basket of Underlying Fund Interests is specified as the Interest Variable Option, in each case within the applicable Final Terms, the Variable Rate of Interest for each Interest Period will be the product of:

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

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(W)(ii)(1), the value of (I) $FundBasket_{initial}$ will be equal to the arithmetic average of the relevant Reference Price(s) (as defined in Condition 11(*e*)) determined (and subject to adjustment) in accordance with Condition 11 in respect of each $FundBasket_{initial}$ Valuation Date specified in the applicable Final Terms and (II) any $FundBasket_t$ for each Interest Period will be equal to the Reference Price (as defined in Condition 11*(e)*) determined in accordance with Condition 9 in respect of the Valuation Date relating to such $FundBasket_t$.

"SF" means the Scaling Factor specified in the applicable Final Terms.

"n" means the actual number of valuations obtained for the determination of the Variable Rate of Interest, subject to any adjustments.

(X) Digital Option

For any of Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Commodity Linked Interest Notes, Inflation Linked Interest Notes or Currency Linked Interest Notes, in respect of which Digital Option is specified as the Interest Variable Option within the applicable Final Terms, the Variable Rate of Interest for each Interest Period and such Interest Basis 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 this Condition 3*(b)*(ii)(X):

(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 product of (i) the Digital Option Strike and (ii) the Scaling Factor specified in the applicable Final Terms;

(b) "Less Than" is specified in the applicable Final Terms as the Digital Option Payment Condition and the Digital Option Variable is less than the product of (i) the Digital Option Strike and (ii) the Scaling Factor specified in the applicable Final Terms;

(c) "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 product of (i) the Digital Option Strike and (ii) the Scaling Factor specified in the applicable Final Terms; and

(d) "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 product of (i) the Digital Option Strike and (ii) the Scaling Factor specified in the applicable Final Terms;

(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;

(b) if ISDA Determination is specified as the Digital Option Payment Determination Method, 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 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 Condition 3*(b)*(ii)(B) above for which purpose the Reference Rate, Interest Determination Date(s), Relevant Screen Page, Interest Multiplier and Margin are as set out in the applicable Final Terms; or

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

$$[MAX(Floor\ Rate; \{MIN[Cap\ Rate; Collar\ ISDA\ Rate \pm Collar\ Margin]\})]$$

For the purpose of Condition 3*(b)*(ii)(X)(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 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 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:

$$[MAX\ (Floor\ Rate;\ \{MIN[Cap\ Rate; Screen\ Rate \pm Collar\ Margin]\})]$$

For the purpose of Condition 3*(b)*(ii)(X)(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 Screen Rate shall be 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), Relevant Screen Page, Interest Multiplier and Margin 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 Option Fallback Rate, 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 set out in the applicable Final Terms;

(d) if the Screen Rate Determination is specified as the Digital Option Fallback Rate, 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), Relevant Screen Page, Interest Multiplier and Margin are as set out in the applicable Final Terms; or

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

$$[MAX(Floor\ Rate; \{MIN[Cap\ Rate; Collar\ ISDA\ Rate \pm Collar\ Margin]\})]$$

For the purpose of Condition 3*(b)*(ii)(X)(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 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 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:

$$[MAX\ (Floor\ Rate;\ \{MIN[Cap\ Rate; Screen\ Rate \pm Collar\ Margin]\})]$$

For the purpose of Condition 3*(b)*(ii)(X)(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 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), Relevant Screen Page, Interest Multiplier and Margin 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 Condition 3*(b)*(ii)(A) above for which purpose the Floating Rate Option, Designated Maturity and Reset Date are as set out in the applicable Final Terms; or

(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 Condition 3*(b)*(ii)(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; or

(c) if the Digital Option Type is specified as Index, the Reference Price (as defined in Condition 6*(d)*) determined (and subject to adjustment) in accordance with Condition 6 in respect of the Valuation Date relating to such Interest Period; or

(d) if the Digital Option Type is specified as Basket of Indices, the Reference Price (as defined in Condition 6*(d)*) determined (and subject to adjustment) in accordance with Condition 6 in respect of the Valuation Date relating to such Interest Period; or

(e) if the Digital Option Type is specified as Underlying Commodity, the Reference Price (as defined in Condition 10(*f*)) determined (and subject to adjustment) in accordance with Condition 10 in respect of the Valuation Date relating to such Interest Period; or

(f) if the Digital Option Type is specified as Basket of Underlying Commodities, the Reference Price (as defined in Condition 10(*f*)) determined (and subject to adjustment) in accordance with Condition 10 in respect of the Valuation Date relating to such Interest Period; or

(g) if the Digital Option Type is specified as Commodity Index, the Reference Price (as defined in Condition 10(f)) determined (and subject to adjustment) in accordance with Condition 10 in respect of the Valuation Date relating to such Interest Period; or

(h) if the Digital Option Type is specified as Basket of Commodity Indices, the Reference Price (as defined in Condition 10(f)) determined (and subject to adjustment) in accordance with Condition 10 in respect of the Valuation Date relating to such Interest Period; or

(i) if the Digital Option Type is specified as Underlying Equity, the Reference Price (as defined in Condition 7*(d)*) determined (and subject to adjustment) in accordance with Condition 7 in respect of the Valuation Date relating to such Interest Period; or

(j) if the Digital Option Type is specified as Basket of Underlying Equities, the Reference Price (as defined in Condition 7*(d)*) determined (and subject to adjustment) in accordance with Condition 7 in respect of the Valuation Date relating to such Interest Period; or

(k) if the Digital Option Type is specified as Underlying Fund Interest, the Reference Price (as defined in Condition 11(*e*)) determined (and subject to adjustment) in accordance with Condition 11 in respect of the Valuation Date relating to such Interest Period; or

(l) if the Digital Option Type is specified as Basket of Underlying Fund Interests, the Reference Price (as defined in Condition 11(*e*)) determined (and subject to adjustment) in accordance with Condition 11 in respect of the Valuation Date relating to such Interest Period; or

(m) if the Digital Option Type is specified as Inflation, the Relevant Level (as defined in Condition 8*(b)*) determined (and subject to adjustment) in accordance with Condition 8 in respect of the Reference Month relating to such Interest Period; or

(n) if the Digital Option Type is specified as Currency, the Reference Price (as defined in Condition 9*(c)*) determined (and subject to adjustment) in accordance with Condition 9 in respect of the Valuation Date relating to such Interest Period.

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

(a) if the Digital Option Type is specified as Interest Rates, (x) the percentage rate specified as such in the applicable Final Terms or (y) if ISDA Determination is specified as the Digital Option Strike, 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 set out in the applicable Final Terms; or (z) if Screen Rate Determination is specified as the Digital Option Strike, 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), Relevant Screen Page, Interest Multiplier and Margin are as set out in the applicable Final Terms;

(b) if the Digital Option Type is specified as Underlying Commodity, (x) the amount specified as such in the applicable Final Terms or (y) if Commodity Determination is specified as the Digital Option Strike, the Reference Price (as defined in Condition 10*(f)*) determined in accordance with Condition 10 in respect of the relevant Valuation Date specified for that purpose;

(c) if the Digital Option Type is specified as Basket of Underlying Commodities, (x) the amount specified as such in the applicable Final Terms or (y) if Commodity Determination is specified as the Digital Option Strike, the Reference Price (as defined in Condition 10*(f)*) determined in accordance with Condition 10 in respect of the relevant Valuation Date specified for that purpose;

(d) if the Digital Option Type is specified as Commodity Index, (x) the amount specified as such in the applicable Final Terms or (y) if Commodity Determination is specified as the Digital Option Strike, the Reference Price (as defined in Condition 10(f)) determined in accordance with Condition 10 in respect of the relevant Valuation Date specified for that purpose;

(e) if the Digital Option Type is specified as Basket of Commodity Indices, (x) the amount specified as such in the applicable Final Terms or (y) if Commodity Determination is specified as the Digital Option Strike, the Reference Price (as defined in Condition 10(f)) determined in accordance with Condition 10 in respect of the relevant Valuation Date specified for that purpose;

(f) if the Digital Option Type is specified as Index, (x) the amount specified as such in the applicable Final Terms or (y) if Index

Determination is specified as the Digital Option Strike, the Reference Price (as defined in Condition 6*(d)*) determined in accordance with Condition 6 in respect of the relevant Valuation Date specified for that purpose;

(g) if the Digital Option Type is specified as Basket of Indices, (x) the index level specified as such in the applicable Final Terms or (y) if Index Determination is specified as the Digital Option Strike, the Reference Price (as defined in Condition 6*(d)*) determined (and subject to adjustment) in accordance with Condition 6 in respect of the relevant Valuation Date specified for that purpose;

(h) if the Digital Option Type is specified as Underlying Equity, (x) the amount specified as such in the applicable Final Terms or (y) if Equity Determination is specified as the Digital Option Strike, the Reference Price (as defined in Condition 7*(d)*) determined (and subject to adjustment) in accordance with Condition 7 in respect of the relevant Valuation Date specified for that purpose;

(i) if the Digital Option Type is specified as an Basket of Underlying Equities, (x) the amount specified as such in the applicable Final Terms or (y) if Equity Determination is specified as the Digital Option Strike, the Reference Price (as defined in Condition 7*(d)*) determined (and subject to adjustment) in accordance with Condition 7 in respect of the relevant Valuation Date specified for that purpose;

(j) if the Digital Option Type is specified as Underlying Fund Interest, (x) the amount specified as such in the applicable Final Terms or (y) if Fund Determination is specified as the Digital Option Strike, the Reference Price (as defined in Condition 11*(e)*) determined in accordance with Condition 11 in respect of the relevant Valuation Date specified for that purpose;

(k) if the Digital Option Type is specified as Basket of Underlying Fund Interests, (x) the amount specified as such in the applicable Final Terms or (y) if Fund Determination is specified as the Digital Option Strike, the Reference Price (as defined in Condition 11*(e)*) determined in accordance with Condition 11 in respect of the relevant Valuation Date specified for that purpose;

(l) if the Digital Option Type is specified as Inflation, (x) the amount specified as such in the applicable Final Terms or (y) if Inflation Determination is specified as the Digital Option Strike, the Reference Level (as defined in Condition 8*(b)*) determined (and subject to adjustment) in accordance with Condition 8 in respect of the relevant Reference Month specified for that purpose;

(m) if the Digital Option Type is specified as Currency, (x) the amount specified as such in the applicable Final Terms or (y) if Currency Determination is specified as the Digital Option Strike, the Reference Price (as defined in Condition 9*(c)*) determined (and subject to adjustment) in accordance with Condition 9 in respect of the relevant Valuation Date specified for that purpose.

(Y) Single Fixing – Index

For Index Linked Interest Notes in respect of which Single Fixing – Index is specified in the applicable Final Terms as the Interest Variable Option, the Variable Rate of Interest for an Interest Period will be the product of:

(1) $\left[\left(\frac{\text{Index}_t}{\text{Denominator}}\right)\% \pm \text{Margin}\right]$; and

(2) the Interest Multiplier specified in the applicable Final Terms.

For the purpose of Condition 3*(b)*(ii)(Y)(1), the value of (I) the Denominator shall be specified in the applicable Final Terms and (II) Index_t for the relevant Interest Period will be equal to the Reference Price (as defined in Condition 6*(d)*) determined (and subject to adjustment) in accordance with Condition 6 in respect of Valuation Date_t.

(Z) Asian Fixing – Index

For Index Linked Interest Notes in respect of which Asian Fixing – Index is specified in the applicable Final Terms as the Interest Variable Option, the Variable Rate of Interest for an Interest Period will be the product of:

(1) $\left[\left\{\frac{\frac{Index_{t1} + Index_{t2} + \cdots + Index_{tn}}{n}}{Denominator}\right\}\% \pm \text{Margin}\right]$; and

(2) the Interest Multiplier.

For the purpose of Condition (3)*(b)*(ii)(Z)(1), the value of (I) the Denominator shall be specified in the applicable Final Terms and (II) any Index_t for each Interest Period will be equal to the Reference Price (as defined in Condition 6*(d)*), determined (and subject to adjustment) in accordance with Condition 6 in respect of the Valuation Date_t.

"n" means the actual number of valuations obtained for the determination of the Variable Rate of Interest, subject to any adjustments.

(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 and applicable Interest Basis, then, in the event that the Variable Rate of Interest in respect of such Interest Period and applicable Interest Basis determined in accordance with the provisions of Condition 3*(b)*(ii) is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period and applicable Interest Basis shall be such Minimum Rate of Interest. If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period and applicable Interest Basis, then, in the event that the Variable Rate of Interest in respect of such Interest Period and applicable Interest Basis determined in accordance with the provisions of Condition 3*(b)*(ii) 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, negative Interest Multiplier or otherwise), then such Variable Rate of Interest shall be deemed to be zero.

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

The Calculation Agent will, at or as soon as practicable after each time at which any Rate of Interest is to be determined in respect of an Interest Basis, determine the Variable Rate of Interest for the relevant Interest Period. The Calculation Agent, will notify the Issuer, the Guarantor and the Agent of each applicable Variable Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Calculation Agent will calculate the Interest Amount in respect of an Interest Basis for the relevant Interest Period by applying the relevant 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 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. Where the Specified Denomination of a Floating Rate Note, an Index Linked Interest Note, an Equity Linked Interest Note, an Inflation Linked Interest Note, a Fund Linked Note, a Commodity Linked Note or a Currency 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.

For Notes in respect of which more than one Interest Basis applies, a separate Interest Amount may be payable in accordance with each such Interest Basis.

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

(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; and

(viii) if "1/1" is specified in the applicable Final Terms, 1.

(v) *Notification of Variable Rate of Interest and Interest Amounts*

The Calculation Agent will promptly notify the Agent of each Interest Amount and the Agent will cause each Variable 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, Inflation Linked Interest Notes, Fund Linked Interest Notes, Commodity Linked Notes, or Currency Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 20 (*Notices*) as soon as possible after their determinations. 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 the Noteholders in accordance with Condition 20 (*Notices*) and each stock exchange on which the relevant Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Inflation Linked Interest Notes or Currency Linked Interest Notes are for the time being listed.

(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)* 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 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.

(c) Interest on Range Accrual Notes

If the Notes are Range Accrual Notes then 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) its 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) 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)*(iv)), be the rate determined in accordance with the following (the "Range Accrual Rate of Interest"):

$$\text{RA Base Rate} \times \left[\frac{N}{A}\right]$$

(iii) *Definitions*

For the purposes of this Condition 3*(c)*:

"A" means the actual number of calendar days of days in the relevant Interest Period;

"Lower Threshold" means the percentage specified as such in the applicable Final Terms;

"N" means the actual number of days in the relevant Interest Period on which the Range Accrual Condition is satisfied, which will occur on any day if:

(a) "Between (Inclusive)" is specified in the applicable Final Terms as the Range Accrual Condition and the daily fixing of the Reference Spread is greater than or equal to the Lower Threshold but less than or equal to the Upper Threshold;

(b) "Between (Exclusive)" is specified in the applicable Final Terms as the Range Accrual Condition and the daily fixing of the Reference Spread is greater than the Lower Threshold but less than the Upper Threshold;

(c) "Greater Than Lower Threshold" is specified in the applicable Final Terms as the Range Accrual Condition and the daily fixing of the Reference Spread is greater than the Lower Threshold;

(d) "Greater Than Or Equal To Lower Threshold" is specified in the applicable Final Terms as the Range Accrual Condition and the daily fixing of the Reference Spread is greater than or equal to the Lower Threshold;

(e) "Less Than Lower Threshold" is specified in the applicable Final Terms as the Range Accrual Condition and the daily fixing of the Reference Spread is less than the Lower Threshold; and

(f) "Less Than Or Equal To Lower Threshold" is specified in the applicable Final Terms as the Range Accrual Condition and the daily fixing of the Reference Spread is less than or equal to the Lower Threshold;

"RA Base Rate" means:

(a) if "Fixed Rate" is specified in the applicable Final Terms as the RA Base Rate, the rate (expressed as a percentage) specified as such in the applicable Final Terms;

(b) if "ISDA Determination" is specified in the applicable Final Terms as the RA Base Rate, an amount 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; and

(c) if Screen Rate Determination is specified in the applicable Final Terms as the RA Base Rate, an amount 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 Page are as specified in the applicable Final Terms;

"Reference Spread" means, the spread of Variable 1 minus Variable 2, to be fixed by the Calculation Agent on each day by reference to information published on the Relevant Screen Page(s) 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 and (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);

"Upper Threshold" means the percentage specified as such in the applicable Final Terms;

"Variable 1" means the Variable Rate of Interest determined in accordance with Condition 3*(b)*(ii), for which purpose only (x) the Floating Rate Option, Designated Maturity and Reset Date (where ISDA Determination applies) or the Reference Rate, Interest Determination Date(s) and Relevant Screen Rate (where Screen Rate Determination applies) are as specified in the applicable Final Terms, (y) the Interest Multiplier is 100 per cent. and (2) there is no Margin; and

"Variable 2" means, (a) if applicable, the Variable Rate of Interest determined in accordance with Condition 3*(b)*(ii), for which purpose only (x) the Floating Rate Option,

Designated Maturity and Reset Date (where ISDA Determination applies) or the Reference Rate, Interest Determination Date(s) and Relevant Screen Rate (where Screen Rate Determination applies) are as specified in the applicable Final Terms, (y) the Interest Multiplier is 100 per cent. and (z) there is no Margin and (b) if not applicable, zero.

(iv) *Minimum Range Accrual Rate of Interest and/or Maximum Range Accrual Rate of Interest*

If the applicable Final Terms specifies a Minimum Range Accrual 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 Condition 3*(c)*(ii) is less than such Minimum Range Accrual Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Range Accrual Rate of Interest. If the applicable Final Terms specifies a Maximum Range Accrual 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 Condition 3*(c)*(ii) is greater than such Maximum Range Accrual Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Range Accrual Rate of Interest.

(v) *Determination of Range Accrual Rate of Interest and calculation of Interest Amounts*

The Calculation Agent, will, at or as soon as practicable after each time at which the Range Accrual Rate of Interest is to be determined, determine the Range Accrual Rate of Interest for the relevant Interest Period. The Calculation Agent will notify the Issuer, the Guarantor and the Agent of the Range Accrual Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Calculation Agent will calculate the Interest Amount for the Range Accrual Notes and relevant Interest Period (which may, for the avoidance of doubt, be in addition to any other Interest Amount determined pursuant to this Condition 3) by applying the Range Accrual 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 Range Accrual 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 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.

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).

(vi) *Notification of Range Accrual Rate of Interest and Interest Amounts*

The Calculation Agent will promptly notify the Agent of each Interest Amount and the Agent will cause the Range Accrual 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, the Noteholders 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 20 (*Notices*) as soon as possible after their determination. 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 and each stock exchange on which the relevant Range Accrual Notes are for the time being listed and to the Noteholders in accordance with Condition 20 (*Notices*).

(vii) *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 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 on the Notes 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 20 (*Notices*).

PROVIDED THAT if the Notes become redeemable pursuant to Condition 12(*b*), Condition 12(*c*) or Condition 12(*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 12*(j)*) 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 12*(d)*, Condition 12*(e)* or Condition 12*(f)* applies in respect of the Notes and, in the case of Condition 12*(d)*, a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or, in the case of Condition 12*(e)*, a Failure to Pay has not occurred on or prior to the Grace Period Extension Date or, in the case of Condition 12*(f)*, a Credit Event has not occurred prior to the DC Cut-off Date, as the case may be; and/or

(B) Condition 12*(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 12*(d)*, Condition 12*(e)*, Condition 12*(f)* or Condition 12*(g)*, as the case may be.

For the avoidance of doubt, where any Autocall Redemption Amount and/or Interest Amount and/or Redemption Amount in respect of Index Linked Notes, Equity Linked Notes, Commodity Linked Notes, Fund Linked Notes, Currency Linked Notes or Autocall Notes is postponed as a result of the occurrence of a Disrupted Day (in each case in accordance with, and as defined in, Conditions 6, 7, 10, 11, 9 and 5(*e*) respectively), no Interest Amount or other sum shall be payable in respect of the postponement of the payment thereof.

(f) General definitions applicable to interest-bearing Notes

For the purposes of these Conditions:

"Interest Amount" means, with respect to each applicable Interest Basis (other than Zero Coupon Notes), the amount of interest payable in respect of an Interest Period and such Interest Basis;

"Interest Commencement Date" means, with respect to each applicable Interest Basis (other than Zero Coupon Notes), the Interest Commencement Date specified in the applicable Final Terms with respect to such Interest Basis;

"Interest Determination Date" means (i) each date specified as such in the applicable Final Terms or (ii) where "Standard IDD" is specified in the applicable Final Terms (a) if the specified Relevant Screen Page is a LIBOR (other than euro LIBOR or Sterling LIBOR) rate, 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 relevant Interest Period; (b) if the specified Relevant Screen Page is a Sterling LIBOR rate, the first day of each Interest Period; (c) if the specified Relevant Screen Page is a EURIBOR or euro LIBOR rate, the second day on which the TARGET2 System is open prior to the start of each Interest Period; and (d) if the specified Relevant Screen Page is a CMS rate, 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;

"Interest Payment Date" means, with respect to each applicable Interest Basis (other than Zero Coupon Notes), the Interest Payment Date(s) in each year specified in the applicable Final Terms with respect to such Interest Basis;

"Interest Period" means, with respect to each applicable Interest Basis (other than Zero Coupon Notes), 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;

"Interest Period End Date" means, with respect to each applicable Interest Basis (other than Zero Coupon Notes), the Interest Period End Date(s) in each year specified in the applicable Final Terms with respect to such Interest Basis;

"Reference Rate" means the relevant reference rate specified as such in the applicable Final Terms or, if such reference rate ceases to be calculated and/or published, any successor or replacement rate therefor, in each case as determined by the Calculation Agent acting in good faith;

"Relevant Screen Page" means the relevant page specified as such in the applicable Final Terms or any successor display page, other published source, information vendor or provider that has been officially designated by the official sponsor of the original page or source (or, failing which, the relevant information vendor or provider); 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.

(g) Business Day Conventions and Business Days

(i) 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: in the case of Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Commodity Linked Interest Notes, Inflation Linked Interest Notes or Currency 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;

(ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day;

(iii) 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

(iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

In these 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 and regulations 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 or directives or agreements, but without prejudice to the provisions of Condition 14*(a)* (as applicable).

Any references in these 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 Amounts 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 14*(a)*) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 12) 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, Commodity Linked Note, Index Linked Note, Equity Linked Note, Inflation Linked Note, Currency 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 Amount payable thereon (provided

that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate Interest Amount 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 in respect of an applicable Interest Basis, interest (if any) accrued in respect of such Note on such Interest Basis from (and including) the preceding Interest Payment Date or, as the case may be, the applicable 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 Amounts (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 Amounts in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or Interest Amounts 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 Amounts on the Notes in the manner provided above when due;

(ii) payment of the full amount of such principal and Interest Amounts 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 Amounts 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 and shall not be entitled to further Interest Amounts or other payment in respect of such delay. For these purposes, "Payment Day" means any day which (subject to Condition 15 (*Prescription*)) 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 Definitive Notes only, the relevant place of presentation; and

(B) each Additional Financial Centre specified in the applicable Final Terms; and

(C) a day on which the TARGET2 System is open, unless the applicable Final Terms specify "TARGET Not Required"; and

(ii) 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) unless the applicable Final Terms specify "Principal Financial Centre Not Required".

(f) Interpretation of Principal and Interest (Amount(s))

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(i) any additional amounts which may be payable under Condition 14*(a)* as a result of a withholding or deduction having made in respect of a principal payment under the Notes;

(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*(f)*(ii)); 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 Conditions to interest or Interest Amount(s) in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to the Interest Amounts under Condition 14*(a)*.

5 Redemption and Purchase

(a) Redemption at Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer on the Maturity Date at an amount in the relevant Specified Currency equal to:

(i) in the case of Fixed Redemption Notes, par unless the Final Redemption Amount is otherwise specified in the applicable Final Terms; or

(ii) in the case of Commodity Linked Redemption Notes, Index Linked Redemption Notes, Equity Linked Redemption Notes, Inflation Linked Redemption Notes, Currency Linked Redemption Notes or Credit Linked Notes the applicable Redemption Amount determined in accordance with the provisions of Condition 6, Condition 7, Condition 8. Condition 9, Condition 10, Condition 11 or Condition 12, as applicable.

(b) Redemption for Tax Reasons

If Condition 14*(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 the Notes are not Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked

Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Inflation Linked Interest Notes and/or Range Accrual Notes) or on any Interest Payment Date (if the Notes are not Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Fund Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Inflation Linked Interest Notes and/or Range Accrual Notes), on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 20 (*Notices*), 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 14*(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 Condition 5*(f)* below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

If Condition 14*(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 (or such other Issuer Call Period of days' notice as is specified in the applicable Final Terms) to the Noteholders in accordance with Condition 20 (*Notices*); 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 (but not some only) of the Notes then outstanding on any Optional Redemption Date (which, if the Notes are due to bear interest, will be an Interest Payment Date) and at their Optional Redemption Amount specified in the applicable Final Terms together with accrued interest (if any). Where the Optional Redemption Date does not fall on an Interest Payment Date, and must fall on a Business Day, such Business Day shall be subject to the Business Day Convention and Additional Business Day Centre(s) specified in the applicable Final terms.

(d) Redemption at the Option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Final Terms, upon not less than 80 per cent. of the holders of the Notes giving to the Issuer in accordance with Condition 20 (*Notices*) not less than 15 nor more than 30 days' notice (or such other Investor Put Period of days' of notice as is

specified in the applicable Final Terms), the Issuer will, upon the expiry of such notice, redeem, all the Notes on the Optional Redemption Date (which, if the Notes are due to bear interest, will be an Interest Payment Date) and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If the Notes are in definitive form and held outside Euroclear and Clearstream, Luxembourg and are redeemed pursuant to this Condition 5(d), 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 16.

(e) Autocall Early Redemption

Where the Autocall Early Redemption provisions are specified to be applicable in the applicable Final Terms ("Autocall Notes"), if the Autocall Condition is satisfied in respect of any Autocall Observation Date:

(i) the Issuer shall provide notice of such event to the Noteholders in accordance with Condition 20 (*Notices*) as soon as reasonably practicable following the date on which the Autocall Condition is determined to have been satisfied (an "Autocall Early Redemption Notice");

(ii) such Autocall Early Redemption Notice shall specify the date on which all of the Notes outstanding shall be redeemed early (which, will be the next following Interest Payment Date that falls not less than five Business Days following the date on which the Autocall Early Redemption Notice is provided or, if no such date exists, the Maturity Date) at their Autocall Redemption Amount (together with accrued interest (if any)); and

(iii) for the avoidance of doubt, if the determination of the Autocall Variable or Autocall Strike is postponed as a result of the occurrence of a Disrupted Day (as defined in Conditions 6*(d)*, 7*(d)* or 9*(c)*, depending on the relevant Autocall Type specified in the applicable Final Terms), then the Autocall Redemption Amount shall be paid without any Interest Amount or other sum in respect of the postponement thereof.

For the purposes of this Condition 5*(e)*:

(I) the "Autocall Condition" shall be satisfied with respect to an Autocall Observation Date if:

(a) "Greater Than" is specified in the applicable Final Terms as the Autocall Condition and the Autocall Variable is greater than the product of (i) the Autocall Strike and (ii) the Scaling Factor specified in the applicable Final Terms;

(b) "Less Than" is specified in the applicable Final Terms as the Autocall Condition and the Autocall Variable is less than the product of (i) the Autocall Strike and (ii) the Scaling Factor specified in the applicable Final Terms;

(c) "Greater Than Or Equal To" is specified in the applicable Final Terms as the Autocall Condition and the Autocall Variable is greater than or equal to the product of (i) the Autocall Strike and (ii) the Scaling Factor specified in the applicable Final Terms; and

(d) "Less Than Or Equal To" is specified in the applicable Final Terms as the Autocall Condition and the Autocall Variable is less than or equal to the product of (i) the Autocall Strike and (ii) the Scaling Factor specified in the applicable Final Terms.

(II) the "Autocall Redemption Amount" means an amount equal to:

(a) the amount per Calculation Amount specified as such in the applicable Final Terms for a redemption occurring within a specified period of time; or

(b) if no amount is specified in the applicable Final Terms and the Autocall Type is specified as Index, Basket of Indices, Underlying Equity or Basket of Underlying Equities an amount determined by the Calculation Agent equal to:

$$MAX\left[Floor\ \%; \left\{MIN\left(Cap\ \%; \frac{Reference\ Item_{final}}{SF\ x\ Reference\ Item_{initial}}\ x\ AM\right)\right\}\right] x\ Calculation\ Amount$$

; or

(c) if no amount is specified in the applicable Final Terms and the Autocall Type is specified as Currency an amount determined by the Calculation Agent equal to:

$$MAX\left[Floor\ \%; \left\{MIN\left(Cap\ \%; \frac{Reference\ Item_{initial}}{SF\ x\ Reference\ Item_{final}}\ x\ AM\right)\right\}\right]$$
$$x\ Calculation\ Amount$$

where the value of:

(v) "Reference $Item_{initial}$" shall be:

(i) the index level or amount specified as such for such Autocall Observation Date in the applicable Final Terms; or

(ii) if Reference $Item_{initial}$ Determination is specified as being applicable in the applicable Final Terms, the Autocall Reference Price in respect of the Valuation Date specified for such Autocall Observation Date; or

(iii) if Autocall Reference $Item_{initial}$ Averaging is specified as being applicable in the applicable Final Terms, the Average Autocall Reference Price in respect of the $Valuation\ Dates_t$ specified for such Autocall Observation Date;

(w) "Reference $Item_{final}$" shall be:

(i) the index level or amount specified as such in the applicable Final Terms; or

(ii) if Reference $Item_{final}$ Determination is specified as being applicable in the applicable Final Terms, the Autocall Reference Price in respect of the Valuation Date specified for such Autocall Observation Date; or

(iii) if Autocall Reference $Item_{final}$ Averaging is specified as being applicable in the applicable Final Terms, the Average Autocall Reference Price in respect of the $Valuation\ Dates_t$ specified for such Autocall Observation Date;

(x) "AM" means the Autocall Multiplier specified in the applicable Final Terms;

(y) "Cap %" shall be as specified in the applicable Final Terms; and

(z) "Floor %" shall be as specified in the applicable Final Terms,

and the Autocall 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, *provided* that where Condition 5*(e)*(iii)(II)(b) or (c) applies in the case of Autocall Notes which are represented by a Global Note, the references to "Calculation Amount" shall be deemed to refer to the aggregate outstanding nominal amount of the Autocall Notes represented by such Global Note .

(III) the "Autocall Reference Price" with respect to any specified Valuation Date means:

(a) if the Autocall Type is specified as Index, the Reference Price (as defined in Condition 6*(d)* determined (and subject to adjustment) in accordance with Condition 6 in respect of such Valuation Date;

(b) if the Autocall Type is specified as Basket of Indices, the Reference Price (as defined in Condition 6(*d*) determined (and subject to adjustment) in accordance with Condition 6 in respect of such Valuation Date;

(c) if the Autocall Type is specified as Underlying Equity, the Reference Price (as defined in Condition 7*(d)*) determined (and subject to adjustment) in accordance with Condition 7 in respect of such Valuation Date;

(d) if the Autocall Type is specified as Basket of Underlying Equities, the Reference Price (as defined in Condition 7*(d)*) determined (and subject to adjustment) in accordance with Condition 7 in respect of the Valuation Date; or

(e) if the Autocall Type is specified as Currency, the Reference Price (as defined in Condition 9*(c)*) determined (and subject to adjustment) in accordance with Condition 9 in respect of the Valuation Date.

(IV) the "Autocall Variable" with respect to an Autocall Observation Date means:

(a) the Autocall Reference Price in respect of the Valuation Date specified in the Autocall Variable paragraph of the applicable Final Terms for such Autocall Observation Date; or

(b) where Autocall Variable Averaging is specified as being applicable in the applicable Final Terms, the Average Autocall Reference Price in respect of the Valuation $Dates_t$ specified in the Autocall Variable paragraph of the applicable Final Terms for such Autocall Observation Date.

(V) the "Autocall Strike" with respect to an Autocall Observation Date means:

(a) if Autocall Strike Amount is specified as being applicable in the applicable Final Terms, the index level or amount specified as such in the applicable Final Terms; or

(b) if Autocall Strike Determination is specified as being applicable in the applicable Final Terms, the Autocall Reference Price in respect of the Valuation Date specified for such Autocall Observation Date; or

(c) if Autocall Strike Averaging is specified as being applicable in the applicable Final Terms, the Average Autocall Reference Price in respect of the Valuation $Dates_t$ specified for such Autocall Observation Date.

(VI) the "Average Autocall Reference Price" with respect to an Autocall Observation Date and:

(a) an Autocall Variable where Autocall Variable Averaging is specified as being applicable; and/or

(b) an Autocall Strike where Autocall Strike Averaging is specified as being applicable; and/or

(c) a Reference $\text{Item}_{\text{initial}}$ where Autocall Reference $\text{Item}_{\text{initial}}$ Averaging is specified as being applicable; and/or

(d) a Reference $\text{Item}_{\text{final}}$ where Autocall Reference $\text{Item}_{\text{final}}$ Averaging is specified as being applicable,

in each case within the applicable Final Terms, shall be equal to the arithmetic average of the relevant Autocall Reference Prices determined in respect of each Valuation Date_t specified for such Autocall Observation Date as follows:

$$\left[\frac{(Autocall\ Reference\ Price_{t1} + Autocall\ Reference\ Price_{t2} + \ldots + Autocall\ Reference\ Price_{tn})}{n}\right]$$

(VII) "SF" means the Scaling Factor specified in the applicable Final Terms.

(f) Early Redemption Amounts

For the purpose of these Conditions, 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, such amount(s) calculated by the Calculation Agent in its sole discretion, acting reasonably, by determining:

(i) in respect of a Note other than a Zero Coupon Note or a Note redeeming on its Optional Redemption Date in accordance with Condition 5*(c)* or an Autocall Note redeeming early as a result of the Autocall Condition being satisfied, if:

(A) a Fixed Early Redemption Amount or Fixed Early Redemption Percentage is specified in the applicable Final Terms, such amount or an amount equal to the product of the Calculation Amount and such Fixed Early Redemption Percentage, as the case may be, together with accrued but unpaid interest if "Including Interest" is specified in the applicable Final Terms; or

(B) no Fixed Early Redemption Amount or Fixed Early Redemption Percentage is specified in the applicable Final Terms, 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 Condition 5*(b)*; and (II) the references to "together with accrued interest thereon to the date of repayment", shall be deemed to be deleted from Condition 16 (*Events of Default*); or

(ii) in respect of a Zero Coupon Note, subject to Condition 5*(m)* below, the Amortised Face Amount which on the relevant date of early redemption shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield applied on the Amortisation Yield Compounding Basis specified in the applicable Final Terms; or

(iii) in respect of a Note redeeming early on its Optional Redemption Date in accordance with Condition 5*(c)* or 5*(d)*, at the relevant Optional Redemption Amount determined pursuant to Condition 5*(c)* or 5*(d)* above, as applicable; or

(iv) in respect of a Note redeeming early as a result of the Autocall Condition being satisfied, at the relevant Autocall Redemption Amount determined pursuant to Condition 5*(e)* above.

(g) 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(*f*) above.

(h) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 5.

(i) 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 20 (*Notices*) (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.

(j) Cessation of Reference Rate

In the event that the Calculation Agent determines that a Reference Rate for the time being that is required to make any calculations on the Notes has ceased to be calculated and/or published and no successor or replacement rate has been established therefor, the Issuer having given not less than 10 nor more than 30 days' notice to Noteholders in accordance with Condition 20 (*Notices*) (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.

(k) 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.

(l) 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 Condition 5*(k)* (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(m) 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)*, *(d)* or *(e)* above or upon its becoming due and repayable as provided in Condition 16 (*Events of Default*) 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*(f)*(ii) 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 to the Noteholder; 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 20 (*Notices*).

6 Index Linked Notes

If the Notes are Index Linked Interest Notes and/or Index Linked Redemption Notes then the provisions of this Condition 6 apply, as applicable, as completed by the applicable Final Terms.

Unless Index Linked Notes are previously redeemed or purchased and cancelled, if the determination of (I) an Interest Amount (in the case of Index Linked Interest Notes); or (II) the Redemption Amount (in the case of Index Linked Redemption Notes) is postponed as a result of the occurrence of a Disrupted Day (as defined in Condition 6*(d)* below) which prevents a Valuation Date falling on its corresponding Scheduled Valuation Date, then payment of any such amount (the "Index Linked Affected Amount") shall be postponed to the date which is the Index Linked Interest Payment Extension Number (as specified in the applicable Final Terms) of Business Days following the latest Valuation Date that is necessary to determine such Index Linked Affected Amount, and such Index Linked Affected Amount shall be paid without any Interest Amount or other sum payable in respect of the postponement of the payment thereof.

(a) Redemption of Index Linked Redemption Notes

Unless previously redeemed or purchased and cancelled, each nominal amount of Index Linked Redemption 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 of an Index*

If a relevant Index is (A) 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 (B) 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 for the purposes of the Notes.

(ii) *Modification and Cessation of Calculation of an Index*

If (A) 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 (B) 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 Index Linked Notes and, if so, to either (I) 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 (II) 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 Conditions and/or the applicable Final Terms to account for such substitution; or

(b) give notice to the Noteholders in accordance with Condition 20 (*Notices*) and redeem all, but not some only, of the Index Linked Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.

(iii) *Correction of an Index Level*

If Correction of Index Levels is specified to be applicable 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 20 (*Notices*), (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 20 (*Notices*) giving details of the action proposed to be taken in relation thereto.

(c) Consequences of Disrupted Days: Averaging Payments

(i) *Disruption Fallback Provisions*

(a) Where the Notes are specified in the applicable Final Terms to relate to a single Index, the Calculation Agent determines that any Valuation Date in respect of an Averaging Payment is a Disrupted Day, then:

(i) if "Omission" is specified to be applicable in the applicable Final Terms, such date shall be deemed not to be a relevant Valuation Date for the purposes of determining the relevant Averaging Payment in respect of such Valuation Date, provided that if through the operation of this provision there would not be any Valuation Date in respect of such Averaging Payment, then the sole Valuation Date shall be the earlier of (A) the first Scheduled Trading Day following the Scheduled Valuation Date that is not a Disrupted Day and (B) the Valuation Cut-Off Date;

(ii) if "Postponement" is specified to be applicable in the applicable Final Terms, the Valuation Date shall be the earlier of (A) the first Scheduled Trading Day following the Scheduled Valuation Date that is not a Disrupted Day and (B) the Valuation Cut-Off Date. Any day (including, for the avoidance of doubt, the Valuation Cut-Off Date) determined to be a Valuation Date as a result of the operation of this Condition 6*(c)* shall be a Valuation Date, irrespective of whether it falls on a day that already is or is deemed to be a Valuation Date; or

(iii) if "Modified Postponement" is specified to be applicable in the applicable Final Terms, the Valuation Date shall be the earlier of (A) the first Valid Date following the Scheduled Valuation Date and (B) the Valuation Cut-Off Date, irrespective of whether the Valuation Cut-Off Date falls on a day that already is or is deemed to be a Valuation Date.

(b) Where the Notes are specified in the applicable Final Terms to relate to a Basket of Indices, if the Calculation Agent determines that any Valuation Date in respect of a Valuation Date for an Averaging Payment is a Disrupted Day in respect of any Basket Component, then:

(i) if "Omission" is specified to be applicable in the applicable Final Terms, such date shall be deemed not to be a Valuation Date in respect of any Basket Component in respect of such Reference Date, provided that, if through the operation of this provision there would not be any Valuation Date in respect of such Valuation Date, then:

(A) the sole Valuation Date for each Basket Component in respect of which the final Valuation Date is not a Disrupted Day shall be the final Valuation Date; and

(B) the sole Valuation Date for each Basket Component in respect of which the final Valuation Date is a Disrupted Day (each such Underlying Equity, an "Affected Basket Component") shall be the earlier of (I) the first Scheduled Trading Day following the final Valuation Date that is not a Disrupted Day in respect of such Affected Basket Component and (II) the Valuation Cut-Off Date for such Affected Basket Component;

(ii) if "Postponement" is specified to be applicable in the applicable Final Terms, then:

(A) the Valuation Date for each Basket Component in respect of which the Scheduled Valuation Date is not a Disrupted Day shall be the Valuation Date; and

(B) the Valuation Date for each Basket Component in respect of which the Valuation Date is a Disrupted Day (each such Basket Component, an "Affected Basket Component") shall be the earlier of (I) the first Scheduled Trading Day following the Valuation Date that is not a Disrupted Day in respect of such Affected Basket Component and (II) the Valuation Cut-Off Date for such Affected Basket Component. Any day (including, for the avoidance of doubt, the Valuation Cut-Off Date) determined to be a Valuation Date as a result of the operation of this Condition 6(*c*) shall be a Valuation Date, irrespective of whether it falls on a day that already is or is deemed to be a Valuation Date; or

(iii) if "Modified Postponement" is specified to be applicable in the applicable Final Terms then:

(A) the Valuation Date for each Basket Component in respect of which the Scheduled Valuation Date is not a Disrupted Day shall be the Valuation Date; and

(B) the Valuation Date for each Basket Component in respect of which the Valuation Date is a Disrupted Day (each such Basket Component, an "Affected Basket Component") shall be the earlier of (I) the first Valid Date following the Valuation Date in respect of such Affected Basket Component and (II) the Valuation Cut-Off Date for such Affected Basket Component,

irrespective of whether the Valuation Date falls on a day that already is or is deemed to be a Valuation Date.

(ii) *Determination of Index Levels*

If, in respect of any Index, a Valuation Date falls on the relevant Valuation Cut-Off Date pursuant to Condition 6*(c)*(i) above:

(a) if such Valuation Cut-Off Date is not a Disrupted Day for such Index, the Calculation Agent shall determine the Index Level of such Index as at the Reference Time on such Valuation Reference Cut-Off Date; and/or

(b) if such Valuation Cut-Off Date is a Disrupted Day for such Index, the Calculation Agent shall determine the Index Level for such Index as at the Reference Time on the Valuation Date in accordance with the formula for and method of calculating the Index Level of such Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Reference Time on the Valuation Cut-Off Date of each security comprised in such Index (or, if an event giving rise to a Disrupted Day (as defined in Condition 7 (*Equity Linked Notes*) in relation to a share) has occurred in respect of the relevant security on the Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Reference Time on the Valuation Cut-Off Date).

(iii) *Notice of Disrupted Day*

The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 20 (*Notices*) of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Valuation Date. Without limiting the obligation of the Calculation Agent to give notice to the Noteholders as set forth in the preceding sentence, failure by the Calculation Agent to notify the Noteholders of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day.

(d) Definitions applicable to Index Linked Notes

For the purposes of this Condition 6:

"Averaging Payment" means any payment relating to:

(a) Index Linked Interest Notes in respect of which the Variable Rate of Interest is determined in accordance with Condition 3*(b)*(ii)(Q), the Asian Option – Index/Basket of Indices Interest Variable Option;

(b) Index Linked Interest Notes in respect of which the Variable Rate of Interest is determined in accordance with Condition 3*(b)*(ii)(Z), the Asian Fixing – Index Interest Variable Option;

(c) Index Linked Redemption Notes where sub-paragraph (x)(iii) or sub-paragraph (y)(iii) of the definition of "Redemption Amount" below is applicable;

(d) Index Linked Autocall Notes where averaging is applicable to the calculation of the Autocall Redemption Amount under Condition 5*(e)*(iii)(IV)(b), 5*(e)*(iii)(V)(c) or 5*(e)*(iii)(VI); and

(e) any other amounts payable on Index Linked Notes to which averaging relates.

"Basket Component" means, in respect of a Basket of Indices, each Index comprising such Basket.

"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" means, subject to adjustment in accordance with Condition 6*(b)*, the index specified in the applicable Final Terms and related expressions shall be construed accordingly.

"Index Linked Notes" means Index Linked Interest Notes and Index Linked Redemption Notes.

"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 calculated by the Calculation Agent equal to:

$$Calculation\ Amount \times MAX\left[Floor\ \%; \left\{MIN\left(Cap\ \%; 1 + \left[IRM\ x\ \frac{Reference\ Item_{final} - (SF \times Reference\ Item_{Initial})}{Reference\ Item_{initial}}\right]\right)\right\}\right]$$

where the value of:

(u) Floor % shall be specified in the applicable Final Terms;

(v) Cap % shall be specified in the applicable Final Terms;

(w) "IRM" means the Index Redemption Multiplier specified in the applicable Final Terms;

(x) Reference $Item_{initial}$ shall be:

(i) the amount specified as such in the applicable Final Terms; or

(ii) if Reference $Item_{initial}$ Determination is specified as being applicable in the applicable Final Terms, the Reference Price (as defined in this Condition 6*(d)*) determined (and subject to adjustment) in accordance with this Condition 6 in respect of the Valuation $Date_t$ specified for this purpose in the applicable Final Terms; or

(iii) if Reference $Item_{initial}$ Averaging is specified as being applicable in the applicable Final Terms, the arithmetic average of the relevant Reference Prices (as defined in this Condition 6*(d)*) determined (and subject to adjustment) in accordance with this Condition 6 in respect of each Valuation $Date_t$ specified for this purpose in the applicable Final Terms;

(y) Reference $Item_{final}$ shall be:

(i) the amount specified as such in the applicable Final Terms; or

(ii) if Reference $Item_{final}$ Determination is specified as being applicable in the applicable Final Terms, the Reference Price (as defined in this Condition 6*(d)*) determined (and subject to adjustment) in accordance with this Condition 6 in respect of the Valuation Date specified for this purpose in the applicable Final Terms; or

(iii) if Reference $Item_{final}$ Averaging is specified as being applicable in the applicable Final Terms, the arithmetic average of the relevant Reference Prices (as defined in this Condition 6*(d)*) determined (and subject to adjustment) in accordance with this Condition 6 in respect of each Valuation Date specified for this purpose in the applicable Final Terms; and

(z) SF means the Scaling Factor specified in the applicable Final Terms,

provided always that the Redemption Amount shall in no event be less than zero and in the case of Index Linked Redemption Notes which are represented by a Global Note, the reference to "Calculation Amount" shall be deemed to refer to the aggregate outstanding nominal amount of the Index Linked Redemption Notes represented by such Global Note. 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).

"Valid Date" means a Scheduled Trading Day that is not a Disrupted Day and on which another Valuation Date does not or is not deemed to occur.

"Valuation Cut-Off Date" means the eighth Scheduled Trading Day following the Scheduled Valuation Date.

"Valuation Date" means 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.

(a) If such day is a Disrupted Day which does not relate to an Averaging Payment:

(i) where the Notes are specified in the applicable Final Terms to relate to a single Index, that Valuation Date shall be the earlier of (i) first succeeding Scheduled Trading Day that is not a Disrupted Day; and (ii) the Valuation Cut-Off Date. If the earlier of such dates is the Valuation Cut-Off Date (A) the Valuation Cut-Off Date shall be deemed to be that Valuation Date notwithstanding the fact that such day is a Disrupted Day and (B) the Calculation Agent shall determine the Reference Price by determining the level of the Index as of the Valuation Time on the Valuation Cut-Off Date 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 the Valuation Cut-Off Date 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 the Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Valuation Cut-Off Date); or

(ii) where the Notes are specified in the applicable Final Terms to relate to a Basket of Indices, that Valuation Date for each Basket Component not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and that Valuation Date for each Basket Component affected by the occurrence of a Disrupted Day (each an "Affected Basket

Component") shall be earlier of (i) the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Basket Component; and (ii) the Valuation Cut-Off Date. If the earlier of such dates is the Valuation Cut-Off Date (i) the Calculation Agent shall, where applicable, determine the Reference Price using, in relation to the Affected Basket Component, 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 the Valuation Cut-Off Date 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).

(b) If such day is a Disrupted Day and relates to an Averaging Payment, then the Valuation Date shall be such date as is determined in accordance with Condition 6*(d)* above.

"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.

7 Equity Linked Notes

If the Notes are Equity Linked Interest Notes and/or Equity Linked Redemption Notes then the provisions of this Condition 7 apply, as applicable, as completed by the applicable Final Terms.

Unless Equity Linked Notes are previously redeemed or purchased and cancelled, if the determination of (I) an Interest Amount (in the case of Equity Linked Interest Notes); or (II) the Redemption Amount (in the case of Equity Linked Redemption Notes) is postponed as a result of the occurrence of a Disrupted Day (as defined in Condition 7*(d)* below) which prevents a Valuation Date falling on its corresponding Scheduled Valuation Date, then payment of any such amount (the "Equity Linked Affected Amount") shall be postponed to the date which is the Equity Linked Interest Payment Extension Number (as specified in the applicable Final Terms) of Business Days following the latest Valuation Date that is necessary to determine such Equity Linked Affected Amount, and such Equity Linked Affected Amount shall be paid without any Interest Amount or other sum payable in respect of the postponement of the payment thereof.

(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 at its Redemption Amount (as defined below) 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 to be applicable 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 Equity or 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 Reference $\text{Item}_{\text{initial}}$ and/or the Reference $\text{Item}_{\text{final}}$ and/or the Multiplier and/or any of the other terms of these 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 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 Equity or 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 20 (*Notices*), stating the adjustment to the relevant Interest Amount and/or Redemption Amount and/or, the Reference $\text{Item}_{\text{initial}}$ and/or the Reference $\text{Item}_{\text{final}}$ and/or the Multiplier and/or any of the other terms of these Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event.

For the purposes of this Condition 7:

"Potential Adjustment Event" means any of the following:

(a) a subdivision, consolidation or reclassification of a relevant Underlying Equity (unless resulting in a Merger Event), or a free distribution or dividend of any such Underlying Equity to existing holders by way of bonus, capitalisation or similar issue;

(b) a distribution, issue or dividend to existing holders of a relevant Underlying Equity of (1) an additional amount of such Underlying Equity 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 Equity 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 a relevant Underlying Equity that is not fully paid;

(e) a repurchase by an Equity Issuer or any of its subsidiaries of a relevant Underlying Equity 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 Equity.

(ii) If (x) De-listing, Merger Event, Nationalisation and Insolvency and/or (y) Tender Offer is specified to be applicable 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 Reference $\text{Item}_{\text{initial}}$ and/or the Reference $\text{Item}_{\text{final}}$ and/or the Multiplier and/or any of the other terms of these 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 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 20 (*Notices*) and redeem all, but not some only, of the Equity Linked Redemption Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.

If the provisions of Condition 7*(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 Equity or 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 20 (*Notices*) 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 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 Equity Linked Redemption 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 to be applicable 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 20 (*Notices*), (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 Reference $\text{Item}_{\text{initial}}$ and/or the Reference $\text{Item}_{\text{final}}$ and/or the Multiplier and/or any of the other terms of these Conditions and/or the Redemption Amount and/or the applicable Final Terms as the Calculation Agent determines to be appropriate to preserve the economic terms of such Equity Linked 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 7*(b)*(iv) will affect the currency denomination of any payments in respect of the Equity Linked Notes.

(c) Consequences of Disrupted Days: Averaging Payments

(i) *Disruption Fallback Provisions*

(a) Where the Notes are specified in the applicable Final Terms to relate to a single Underlying Equity, if the Calculation Agent determines that any Valuation Date in respect of an Averaging Payment is a Disrupted Day, then:

(i) if "Omission" is specified to be applicable in the applicable Final Terms, such date shall be deemed not to be a relevant Valuation Date for the purposes of determining the relevant Averaging Payment in respect of such Valuation Date, provided that if through the operation of this provision there would not be any Valuation Date in respect of such Averaging Payment, then the sole Valuation Date shall be the earlier of (A) the first Scheduled Trading Day following the Scheduled Valuation Date that is not a Disrupted Day and (B) the Valuation Cut-Off Date;

(ii) if "Postponement" is specified to be applicable in the applicable Final Terms, the Valuation Date shall be the earlier of (A) the first Scheduled Trading Day following the Scheduled Valuation Date that is not a Disrupted Day and (B) the Valuation Cut-Off Date. Any day (including, for the avoidance of doubt, the Valuation Cut-Off Date) determined to be a Valuation Date as a result of the operation of this Condition 7*(c)* shall be a Valuation Date, irrespective of whether it falls on a day that already is or is deemed to be a Valuation Date; or

(iii) if "Modified Postponement" is specified to be applicable in the applicable Final Terms, the Valuation Date shall be the earlier of (A) the first Valid Date following the Scheduled Valuation Date and (B) the Valuation Cut-Off Date, irrespective of whether the Valuation Cut-Off Date falls on a day that already is or is deemed to be a Valuation Date.

(b) Where the Notes are specified in the applicable Final Terms to relate to a Basket of Underlying Equities, if the Calculation Agent determines that any Valuation Date in respect of a Valuation Date for an Averaging Payment is a Disrupted Day in respect of any Underlying Equity, then:

(i) if "Omission" is specified to be applicable in the applicable Final Terms, such date shall be deemed not to be a Valuation Date in respect of any Underlying Equity in respect of such Reference Date, provided that, if

through the operation of this provision there would not be any Valuation Date in respect of such Valuation Date, then:

(A) the sole Valuation Date for each Underlying Equity in respect of which the final Valuation Date is not a Disrupted Day shall be the final Valuation Date; and

(B) the sole Valuation Date for each Underlying Equity in respect of which the final Valuation Date is a Disrupted Day (each such Underlying Equity, an "Affected Equity") shall be the earlier of (I) the first Scheduled Trading Day following the final Valuation Date that is not a Disrupted Day in respect of such Affected Equity and (II) the Valuation Cut-Off Date for such Affected Equity;

(ii) if "Postponement" is specified to be applicable in the applicable Final Terms, then:

(A) the Valuation Date for each Underlying Equity in respect of which the Scheduled Valuation Date is not a Disrupted Day shall be the Valuation Date; and

(B) the Valuation Date for each Underlying Equity in respect of which the Valuation Date is a Disrupted Day (each such Underlying Equity, an "Affected Equity") shall be the earlier of (I) the first Scheduled Trading Day following the Valuation Date that is not a Disrupted Day in respect of such Affected Equity and (II) the Valuation Cut-Off Date for such Affected Equity. Any day (including, for the avoidance of doubt, the Valuation Cut-Off Date) determined to be a Valuation Date as a result of the operation of this Condition 7*(c)* shall be a Valuation Date, irrespective of whether it falls on a day that already is or is deemed to be a Valuation Date; or

(iii) if "Modified Postponement" is specified to be applicable in the applicable Final Terms then:

(A) the Valuation Date for each Underlying Equity in respect of which the Scheduled Valuation Date is not a Disrupted Day shall be the Valuation Date; and

(B) the Valuation Date for each Underlying Equity in respect of which the Valuation Date is a Disrupted Day (each such Underlying Equity, an "Affected Equity") shall be the earlier of (I) the first Valid Date following the Valuation Date in respect of such Affected Equity and (II) the Valuation Cut-Off Date for such Affected Equity, irrespective of whether the Valuation Date falls on a day that already is or is deemed to be a Valuation Date.

(ii) *Determination of Reference Price*

If, in respect of any Underlying Equity, a Valuation Date is determined pursuant to Condition 7*(c)*(i) above:

(i) if such Valuation Date is not a Disrupted Day for such Underlying Equity, the Calculation Agent shall determine the Reference Price of such Underlying Equity as at the Reference Time on such Valuation Date; and/or

(ii) if such Valuation Date is a Disrupted Day for such Underlying Equity, the Calculation Agent shall determine the Reference Price for such Underlying Equity as at the Reference Time on the Valuation Date as its good faith estimate of the Reference Price of such Underlying Equity as of the Reference Time on the Valuation Date.

(iii) *Notice of Disruption Date*

The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 20 (*Notices*) of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Valuation Date. Without limiting the obligation of the Calculation Agent to give notice to the Noteholders as set forth in the preceding sentence, failure by the Calculation Agent to notify the Noteholders of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day.

(d) Definitions applicable to Equity Linked Notes

For the purposes of this Condition 7:

"Averaging Payment" means any payment relating to:

(a) Equity Linked Interest Notes in respect of which the Variable Rate of Interest is determined in accordance with Condition 3(b)(ii)(V), the Asian Option – Underlying Equity/Basket of Underlying Equities Interest Variable Option:

(b) Equity Linked Redemption Notes where sub-paragraph (x)(iii) or sub-paragraph (y)(iii) of the definition of "Redemption Amount" below is applicable;

(c) Equity Linked Autocall Notes where averaging is applicable to the calculation of the Autocall Redemption Amount under Condition 5(e)(iii)(IV)(b), 5(e)(iii)(V)(c) or 5(e)(iii)(VI); and

(d) any other amounts payable on Equity Linked Notes to which averaging relates.

"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 as such in the applicable Final Terms.

"Equity Linked Notes" means Equity Linked Interest Notes and Equity Linked Redemption Notes.

"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 calculated by the Calculation Agent equal to:

$$Calculation\ Amount \times MAX\left[Floor\ \%; \left\{MIN\left(Cap\ \%; 1 + \left[ERM\ x\ \frac{Reference\ Item_{final} - (SF\ \times Reference\ Item_{Initial})}{Reference\ Item_{initial}}\right]\right)\right\}\right]$$

(u) Floor % shall be specified in the applicable Final Terms;

(v) Cap % shall be specified in the applicable Final Terms;

(w) "ERM" means the Equity Redemption Multiplier specified in the applicable Final Terms;

(x) Reference $Item_{initial}$ shall be:

(i) the amount specified as such in the applicable Final Terms; or

(ii) if Reference $Item_{initial}$ Determination is specified as being applicable in the applicable Final Terms, the Reference Price (as defined in this Condition 7*(d)*) determined (and subject to adjustment) in accordance with this Condition 7 in respect of the Valuation Date specified for this purpose in the applicable Final Terms; or

(iii) if Reference $Item_{initial}$ Averaging is specified as being applicable in the applicable Final Terms, the arithmetic average of the relevant Reference Prices (as defined in this Condition 7*(d)*) determined (and subject to adjustment) in accordance with this Condition 7 in respect of each Valuation Date specified for this purpose in the applicable Final Terms;

(y) Reference $Item_{final}$ shall be:

(i) the amount specified as such in the applicable Final Terms; or

(ii) if Reference $Item_{final}$ Determination is specified as being applicable in the applicable Final Terms, the Reference Price (as defined in this Condition 7*(d)*) determined (and subject to adjustment) in accordance with this Condition 7 in respect of the Valuation Date specified for this purpose in the applicable Final Terms; or

(iii) if Reference $Item_{final}$ Averaging is specified as being applicable in the applicable Final Terms, the arithmetic average of the relevant Reference Prices (as defined in this Condition 7*(d)*) determined (and subject to adjustment) in accordance with this Condition 7 in respect of each Valuation Date specified for this purpose in the applicable Final Terms; and

(z) SF means the Scaling Factor specified in the applicable Final Terms,

provided always that the Redemption Amount shall in no event be less than zero and in the case of Equity Linked Redemption Notes which are represented by a Global Note, the reference to "Calculation Amount" shall be deemed to refer to the aggregate outstanding nominal amount of the Equity Linked Redemption Notes represented by such Global Note. 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 and subject to adjustment in accordance with the other provisions of this Condition 7:

(a) where the Equity Linked 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 a Valuation Time is specified in the applicable Final Terms, the price at such 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 to be applicable in the applicable Final Terms and that Valuation Date is not a Disrupted Day or if Disrupted Day is specified as not applicable 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 to be applicable 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 Equity Linked Notes are specified in the applicable Final Terms to relate to a Basket of Underlying Equities, an amount equal to the sum of the products calculated for each Underlying Equity of (I) the percentage Multiplier specified in the applicable Final Terms for the relevant Undertaking Equity and (II) the official closing price on that Valuation Date (or, if a Valuation Time is specified in the applicable Final Terms, the price at such Valuation Time on that Valuation Date) of the relevant 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 to be applicable in the applicable Final Terms, and that Valuation Date is not a Disrupted Day or if Disrupted Day is specified as not applicable 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). Each value determined pursuant to the foregoing shall be converted, if Exchange Rate is specified to be applicable 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.

"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.

"Valid Date" means a Scheduled Trading Day that is not a Disrupted Day and on which another Valuation Date does not or is not deemed to occur.

"Valuation Cut-Off Date" means the eighth Scheduled Trading Day following the Scheduled Valuation Date.

"Valuation Date" means 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.

(a) If such day is a Disrupted Day which does not relate to an Averaging Payment:

(i) where the Notes are specified in the applicable Final Terms to relate to a single Underlying Equity, the Valuation Date shall be the earlier of (i) first succeeding Scheduled Trading Day that is not a Disrupted Day; and (ii) the Valuation Cut-Off Date. If the earlier of such dates is the Valuation Cut-Off Date (i) the Valuation Cut-Off Date 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 using its good faith estimate of the Reference Price as of the Valuation Time on that Valuation Cut-Off Date; or

(ii) where the Notes are specified in the applicable Final Terms to relate to a Basket of Underlying Equities, the Valuation Date for each Underlying Equity not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Underlying Equity affected (each an "Affected Equity") by the occurrence of a Disrupted Day shall be the earlier of (i) first succeeding Scheduled Trading Day that is not a Disrupted Day; and (ii) the Valuation Cut-Off Date relating to the Affected Equity. If the earlier of such dates is the Valuation Cut-Off Date (i) the Valuation Cut-Off Date 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, determine the Reference Price using, in relation to the Affected Equity, a price determined using its good faith estimate of the value for the Affected Equity as of the Valuation Time on the Valuation Cut-Off Date and otherwise in accordance with the above provisions.

(b) If such day is a Disrupted Day and relates to an Averaging Payment, such date as is determined in accordance with Condition 7*(c)* above.

"Valuation Time" means, unless an alternative Valuation Time is specified in the applicable Final Terms, 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 Inflation Linked Notes

If the Notes are Inflation Linked Interest Notes and/or Inflation Linked Redemption Notes then the provisions of this Condition 8 apply, as completed 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 Inflation Index and Material Modification Prior to Relevant Payment Date

(i) *Delay in Publication*

If the level of the Inflation Index for a Reference Month which is relevant to the calculation of a payment under the Inflation Linked 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 Inflation Index for such Reference Month (a "Substitute Inflation 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 Inflation Index Level for such 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 Inflation Index Level for such Relevant Payment Date for any reason, then the Calculation Agent shall determine the Substitute Inflation Index Level by reference to the following formula:

$$\left[\left(Substitute\ \ Inflation\ Index\ Level\ = Base\ Level \times \left(\frac{Latest\ Level}{Reference\ Level}\right)\right)\right].$$

Following the determination of a Substitute Inflation Index Level by the Calculation Agent in accordance with this Condition 8*(b)*(i), the Issuer shall promptly give notice to

the Noteholders in accordance with Condition 20 (*Notices*) of such Substitute Inflation 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 Inflation Index Level determined pursuant to this Condition 8*(b)*(i) will be the definitive level for that Reference Month.

For the purposes of this Condition 8(*b*)(i):

"Base Level" means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Inflation Index Level is being determined.

"Latest Level" means, in respect of an Inflation Index, the latest level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor prior to the month in respect of which the Substitute Inflation Index Level is being determined.

"Reference Level" means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation 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 level of an Inflation 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 Inflation Index Sponsor announces that it will no longer continue to publish or announce such Inflation Index then the Calculation Agent shall determine a successor index (a "Successor Inflation Index") (in lieu of the relevant previously applicable Inflation Index) for the purposes of the Inflation Linked Interest Notes by using the following methodology:

(A) if at any time (other than after an Inflation Index Cancellation (as defined below)) a successor index has been designated in respect of an Inflation Index by the calculation agent pursuant to the terms and conditions of any relevant Related Bond, such successor index shall be designated the "Successor Inflation Index" for such Inflation Index for the purposes of all subsequent Relevant Payment Dates, notwithstanding that any other Successor Inflation Index may previously have been determined pursuant to paragraphs (B) or (C) below;

(B) if a Successor Inflation Index is not determined pursuant to paragraph (A) above and no Inflation Index Cancellation (as defined below) has occurred and a notice has been given or an announcement has been made by the relevant Inflation Index Sponsor specifying that such Inflation Index will be superseded by a replacement index specified by the relevant Inflation Index Sponsor and the Calculation Agent determines that such replacement Inflation Index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Inflation Index, such replacement index shall be the "Successor Inflation Index" for such Inflation Index for the purposes of the Inflation Linked Interest Notes from the date that such Successor Inflation Index comes into effect; or

(C) if a Successor Inflation Index has not been determined under (A) or (B) above and no Inflation Index Cancellation (as defined below) has occurred, the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Inflation 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 Inflation Index". If three responses are received, and two or more leading independent dealers state the same index, this index will be deemed the "Successor Inflation Index". If fewer than three responses are received, the Calculation Agent will proceed to paragraph (D) hereof; or

(D) if a Successor Inflation Index is not determined pursuant to paragraphs (A), (B) or (C) above by the Relevant Determination Date in respect of the next succeeding Relevant Payment Date, the Calculation Agent will determine an appropriate alternative index for such Relevant Payment Date and such index will be deemed to be the "Successor Inflation Index" for such Inflation Index.

If a Successor Inflation Index is determined in accordance with the above, the Calculation Agent may make such adjustment(s) to these 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 Inflation Linked Interest Notes.

If the Calculation Agent determines that there is no appropriate alternative index, there will be deemed to be no Successor Inflation Index for such Inflation Index (an "Inflation Index Cancellation") and, on giving notice to Noteholders in accordance with Condition 20 (*Notices*), the Issuer shall redeem all, but not some only, of the Inflation Linked Interest 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 Inflation Index and the date from which such index becomes the Successor Inflation Index and any relevant adjustment(s) to these Conditions and/or the applicable Final Terms or any Inflation Index Cancellation will be given to Noteholders by the Issuer in accordance with Condition 20 (*Notices*).

(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 Inflation 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 Inflation Linked Interest 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 Inflation Linked Interest Notes.

Notice of any such correction pursuant to this Condition 8*(b)*(iii) shall be given to Noteholders in accordance with Condition 20 (*Notices*).

(iv) *Rebasing of the Inflation Index*

If the Calculation Agent determines that an Inflation Index has been or will be rebased at any time, such Inflation Index as so rebased (the "Rebased Index") will be used for purposes of determining any Relevant Level in respect of such Inflation 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 Inflation 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 Inflation Index before it was rebased and, in each case, the Calculation Agent may make such adjustment(s) to these 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 Inflation Linked Interest Notes. For the avoidance of doubt, any

such rebasing shall not affect prior payments made under the Inflation Linked Interest Notes.

Notice of any adjustment or determination pursuant to this Condition 8*(b)*(iv) shall be given to Noteholders in accordance with Condition 20 (*Notices*).

(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 Inflation Index Sponsor announces that it will make a material change to an Inflation Index, the Calculation Agent shall (A) make appropriate adjustment(s) to these 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 Inflation Index and determine the effective date(s) of the adjustment(s) to the Inflation Linked Interest Notes, or (B) if there is no relevant Related Bond make only those adjustments to the Conditions and/or the applicable Final Terms as the Calculation Agent determines necessary for the modified Inflation Index to continue as an Inflation Index.

Notice of any adjustment pursuant to this Condition 8*(b)*(v) shall be given to Noteholders in accordance with Condition 20 (*Notices*).

(c) For the purposes of this Condition 8:

"Fallback Bond" means, in respect of an Inflation Index unless otherwise specified in the applicable Final Terms, a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the relevant Inflation Index relates and which pays a coupon or redemption amount which is calculated by reference to such Inflation 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 Inflation 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).

"Inflation Index" or "Inflation Indices" means the index or indices specified in the applicable Final Terms or any Successor Inflation Index as nominated pursuant to these Conditions.

"Inflation Index Sponsor" means, in relation to an Inflation Index, the entity that publishes or announces (directly or through an agent) the level of such Inflation Index.

"Inflation Linked Notes" means Inflation Linked Interest Notes or Inflation Linked Redemption Notes.

"Reference Month" means, in respect of an Inflation Index, the calendar month for which the level of such Inflation Index was reported, regardless of when this information is published or announced. If the period for which the Inflation Index level was reported is a period other than a month, the Reference Month shall be the period for which the Inflation Index level was reported.

"Redemption Amount" means, in relation to an Inflation Linked Redemption Note, an amount calculated by the Calculation Agent equal to:

$$Calculation\ Amount \times MAX\left[Floor\ \%;\left\{MIN\left(Cap\ \%; 1 + \left[ILRM \times \frac{Reference\ Item_{final} - (SF \times Reference\ Item_{Initial})}{Reference\ Item_{initial}}\right]\right)\right\}\right]$$

where the value of:

(u) Floor % shall be specified in the applicable Final Terms;

(v) Cap % shall be specified in the applicable Final Terms;

(w) "ILRM" means the Inflation Redemption Multiplier specified in the applicable Final Terms;

(x) Reference $Item_{initial}$ shall be:

(i) the amount specified as such in the applicable Final Terms; or

(ii) if Reference $Item_{initial}$ Determination is specified as being applicable in the applicable Final Terms, the Reference Price (as defined in this Condition 8*(b)*) determined (and subject to adjustment) in accordance with this Condition 8 in respect of the Valuation $Date_t$ specified for this purpose in the applicable Final Terms; or

(iii) if Reference $Item_{initial}$ Averaging is specified as being applicable in the applicable Final Terms, the arithmetic average of the relevant Reference Prices (as defined in this Condition 8*(b)*) determined (and subject to adjustment) in accordance with this Condition 8 in respect of each Valuation $Date_t$ specified for this purpose in the applicable Final Terms;

(y) Reference $Item_{final}$ shall be:

(iv) the amount specified as such in the applicable Final Terms; or

(v) if Reference $Item_{final}$ Determination is specified as being applicable in the applicable Final Terms, the Reference Price (as defined in this Condition 8*(b)*) determined (and subject to adjustment) in accordance with this Condition 8 in respect of the Valuation Date specified for this purpose in the applicable Final Terms; or

(vi) if Reference $Item_{final}$ Averaging is specified as being applicable in the applicable Final Terms, the arithmetic average of the relevant Reference Prices (as defined in this Condition 8*(b)*) determined (and subject to adjustment) in accordance with this Condition 8 in respect of each Valuation Date specified for this purpose in the applicable Final Terms; and

(z) SF means the Scaling Factor specified in the applicable Final Terms,

provided always that the Redemption Amount shall in no event be less than zero and in the case of Inflation Linked Redemption Notes which are represented by a Global Note, the reference to "Calculation Amount" shall be deemed to refer to the aggregate outstanding nominal amount of the Inflation Linked Redemption Notes represented by such Global Note. 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 Relevant Determination Date, an amount (which shall be deemed to be an amount of the Specified Currency) equal to the official level of the Inflation Index as determined by the Calculation Agent on the Relevant Determination Date.

"Related Bond" means, in respect of an Inflation 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, each date specified as such in the applicable Final Terms.

"Relevant Payment Date" means each day specified as such in the applicable Final Terms.

"Valuation Date" means the date specified in the applicable Final Terms.

9 Currency Linked Notes

If the Notes are Currency Linked Interest Notes and/or Currency Linked Redemption Notes then the provisions of this Condition 9 apply, as applicable, as completed by the applicable Final Terms.

Unless Currency Linked Notes are previously redeemed or purchased and cancelled, if the determination of (I) an Interest Amount (in the case of Currency Linked Interest Notes); or (II) the Redemption Amount (in the case of Currency Linked Redemption Notes) is postponed as a result of the occurrence of a Disrupted Day (as defined in Condition 9*(c)* below) which prevents a Reference Price being determined on the scheduled Valuation Date, then payment of any such amount (the "Currency Linked Affected Amount") shall be postponed to the date determined in accordance with Condition 9*(b)*(ii) and such Currency Linked Affected Amount shall be paid without any interest or other sum payable in respect of the postponement of the payment thereof.

(a) Redemption of Currency Linked Redemption Notes

Unless previously redeemed or purchased and cancelled as specified below, each nominal amount of Currency Linked Redemption 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

With respect to any Currency Linked Note, if any Valuation Date on which a Reference Price (as defined in Condition 9(*c*) below) is scheduled to be determined is a Disrupted Day and:

(i) the Valuation Date does not relate to an Averaging Payment, the Calculation Agent may, in its sole and absolute discretion, take any one or more of the following actions:

(A) deduct from the relevant Interest Amount and/or Redemption Amount determined on the basis of such Reference Price an amount calculated by the Calculation Agent as representing the 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

(B) postpone any date for payment of the relevant Interest Amount and/or Redemption Amount; and/or

(C) 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

(D) give notice to the Noteholders in accordance with Condition 20 (*Notices*) and redeem all, but not some only, of the Currency Linked Notes at their Early Redemption Amount; or

(ii) the Valuation Date relates to an Averaging Payment, such Valuation Date will be deemed not to be a relevant Valuation Date for the purposes of determining the relevant Interest Amount or Redemption Amount. If, through operation of this provision, there would not be any Valuation Date with respect to the date for payment of the relevant Interest Amount or Redemption Amount, the provisions of Condition 9*(b)*(i)(A)-(D) will apply for purposes of determining the relevant Reference Price on such Valuation Date.

(c) Definitions applicable to Currency Linked Notes

For the purposes of this Condition 9:

"Averaging Payment" means any payment relating to:

(a) Currency Linked Interest Notes in respect of which the Variable Rate of Interest is determined in accordance with Condition 3(*b*)(ii)(V), the Asian Option – Currency Interest Variable Option;

(b) Currency Linked Redemption Notes where sub-paragraph (x)(iii) or sub-paragraph (y)(iii) of the definition of "Redemption Amount" below is applicable;

(c) Currency Linked Autocall Notes where averaging is applicable to the calculation of the Autocall Redemption Amount under Condition 5(*e)*(iii)(IV)(b), 5(*e*)(iii)(V)(c) or 5(*e*)(iii)(VI); and

(d) any other amounts payable on Currency Linked Notes to which averaging relates.

"Base Currency" means the Currency specified as such in the applicable Final Terms.

"Benchmark Obligation(s)" means the obligation(s) so specified in the applicable Final Terms in relation to the Reference Currency.

"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 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, (B) Dual Exchange Rate, (C) General Inconvertibility, (D) General Non-Transferability, (E) Governmental Authority Default, (F) Illiquidity, (G) Material Change In Circumstances, (H) Nationalisation, (I) Price Materiality, (J) Price Source Disruption, (K) Specific Inconvertibility, or (L) Specific Non-Transferability in each case, if specified as being applicable in the applicable Final Terms.

"Currency Linked Notes" means Currency Linked Interest Notes and Currency Linked Redemption Notes.

"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 the Base Currency as specified for the Currency Rate on the Currency Page specified in the applicable Final Terms.

"Disrupted Day" means a day on which one or more relevant Currency Disruption Events has occurred and is continuing.

"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.

"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.

"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.

"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 Currency Linked Notes, and (B) generally to fulfil obligations similar to the Issuer's obligations under the Currency Linked 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 Reference Price 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 specified as such in the applicable Final Terms or any other date on which a Reference Price in respect of Currency Linked Notes is required to be determined in accordance with the Conditions.

"Redemption Amount" means, in relation to a Currency Linked Redemption Note, an amount calculated by the Calculation Agent equal :

$$Calculation\ Amount \times MAX\left[Floor\ \%; \left\{MIN\left(Cap\ \%; 1 + \left[CRM\ x\ \frac{Reference\ Item_{initial} - (SF\ \times Reference\ Item_{final})}{Reference\ Item_{final}}\right]\right)\right\}\right]$$

where the value of:

(u) Floor % shall be specified in the applicable Final Terms;

(v) Cap % shall be specified in the applicable Final Terms;

(w) "CRM" means the Currency Redemption Multiplier specified in the applicable Final Terms;

(x) Reference $Item_{initial}$ shall be:

(i) the amount specified as such in the applicable Final Terms; or

(ii) if Reference $Item_{initial}$ Determination is specified as being applicable in the applicable Final Terms, the Reference Price (as defined in this Condition 9*(c)*) determined (and subject to adjustment) in accordance with this Condition 9 in respect of the Valuation Date specified for this purpose in the applicable Final Terms; or

(iii) if Reference $Item_{initial}$ Averaging is specified as being applicable in the applicable Final Terms, the arithmetic average of the relevant Reference Prices (as defined in this Condition 9*(c)*) determined (and subject to adjustment) in accordance with this Condition 9 in respect of each Valuation Date specified for this purpose in the applicable Final Terms;

(y) Reference $Item_{final}$ shall be:

(i) the amount specified as such in the applicable Final Terms; or

(ii) if Reference $Item_{final}$ Determination is specified as being applicable in the applicable Final Terms, the Reference Price (as defined in this Condition 9*(c)*)

determined (and subject to adjustment) in accordance with this Condition 9 in respect of the Valuation Date specified for this purpose in the applicable Final Terms; or

(iii) if Reference Item$_{final}$ Averaging is specified as being applicable in the applicable Final Terms, the arithmetic average of the relevant Reference Prices (as defined in this Condition 9*(c)*) determined (and subject to adjustment) in accordance with this Condition 9 in respect of each Valuation Date specified for this purpose in the applicable Final Terms; and

(z) SF means the Scaling Factor specified in the applicable Final Terms,

provided always that the Redemption Amount shall in no event be less than zero and in the case of Currency Linked Redemption Notes which are represented by a Global Note, the reference to "Calculation Amount" shall be deemed to refer to the aggregate outstanding nominal amount of the Currency Linked Redemption Notes represented by such Global Note. 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 Currency" means the currency specified as the Reference Currency in the applicable Final Terms.

"Reference Price" means, in relation to any Rate Calculation Date but subject to adjustment in accordance with Condition 9*(b)*, the currency exchange rate equal to (A) the Currency Rate, 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.

"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 Currency Linked 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 Currency Linked 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 Valuation Time of one currency for another expressed as a number of units of the Reference Currency (or fractional amounts thereof) per unit of the Base Currency, 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 or Spot 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.

10 Commodity Linked Notes

If the Notes are Commodity Linked Interest Notes and/or Commodity Linked Redemption Notes then the provisions of this Condition 10 apply, as applicable, as completed by the applicable Final Terms.

(a) Redemption of Commodity Linked Redemption Notes

Unless previously redeemed or purchased and cancelled, each nominal amount of Commodity Linked Redemption 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 Valuation Date (or, if different, the day on which prices for that Valuation Date would, in the ordinary course, be published or announced by the relevant Price Source).

In the case of an Underlying 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 10*(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.

(ii) Other Market Disruption Events

In the case of an Underlying Commodity, if Other Market Disruption Events are specified in the applicable Final Terms, the following will apply:

(A) in respect of an Underlying Commodity other than an Underlying 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 an Underlying 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 Valuation Date (or, if different, the day on which prices for that Valuation Date would, in the ordinary course of business, be published or announced by the relevant Price Source), the Relevant Price for that Valuation 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 20(*Notices*) 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 Valuation Date (or, if different, the day on which prices for that Valuation Date would, in the ordinary course, be published or announced by the relevant Price Source).

In the case of an Underlying Commodity, each of:

(A) "Fallback Reference Dealers";

(B) "Fallback Reference Price";

(C) "Postponement";

(D) "Calculation Agent Determination";

(E) "Delayed Publication and Announcement"; and

(F) "Cancellation",

in any case, as specified in the applicable Final Terms or as deemed to be specified pursuant to Condition 10*(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 10*(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 an Underlying Commodity and/or a Commodity Index.

(ii) Other Disruption Fallbacks

In the case of an Underlying Commodity, if Other Disruption Fallbacks are specified in the applicable Final Terms, the following Disruption Fallbacks will apply (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 Valuation Date (or, if different, the day on which prices for that Valuation 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 10*(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 20 (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 20 (*Notices*) 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 20 (*Notices*) 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 will be deemed to be the Commodity Index.

(ii) Modification and Cessation of Calculation of a Commodity Index

If 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 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 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 Valuation 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 Valuation 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 Conditions and/or the applicable Final Terms to account for such substitution; or

(b) give notice to the Noteholders in accordance with Condition 20 (*Notices*) 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 20 (*Notices*) giving details of the action proposed to be taken in relation thereto.

(f) Definitions applicable to Commodity Linked Notes

For the purposes of this Condition 10:

"Averaging Payment" means any payment relating to:

(a) Commodity Linked Interest Notes in respect of which the Variable Rate of Interest is determined in accordance with Condition 3(b)(ii)(S), the Asian Option – Underlying Commodity/Basket of Underlying Commodities Interest Variable Option or Condition 3(b)(ii)(T), the Asian Option – Commodity Index/Basket of Commodity Indices Interest Variable Option :

(b) Commodity Linked Redemption Notes where sub-paragraph (x)(iii) or sub-paragraph (y)(iii) of the definition of "Redemption Amount" below is applicable;

(c) Commodity Linked Autocall Notes where averaging is applicable to the calculation of the Autocall Redemption Amount under Condition 5(e)(iii)(IV)(b), 5(e)(iii)(V)(c) or 5(e)(iii)(VI); and

(d) any other amounts payable on Commodity Linked Notes to which averaging relates.

"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 10*(c)*(iii) above.

"Commodity Business Day" means, unless otherwise specified in the applicable Final Terms:

(a) in respect of an Underlying Commodity (other than an Underlying Commodity which is specified in the applicable Final Terms to be a Bullion Commodity):

(i) where the Commodity Reference Price for such Underlying 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 Underlying 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 an Underlying 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 10, 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 Linked Notes" means Commodity Linked Interest Notes and Commodity Linked Redemption Notes.

"Commodity-Reference Dealers" means, in respect of an Underlying Commodity, that the price for a Valuation Date will be determined on the basis of quotations provided by Reference Dealers on that Valuation Date of that day's Specified Price for a Unit of such Underlying Commodity for delivery on the Delivery Date, if applicable. If four quotations are provided as requested, the price for that Valuation Date will be the arithmetic mean of the Specified Prices for such Underlying 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 Valuation 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 Valuation Date cannot be determined.

"Commodity Reference Price" means:

(i) in respect of an Underlying Commodity and for the purposes of determining a Relevant Price, the relevant commodity reference price for such Underlying 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 Valuation Date unless such date is a day on which all referenced Commodity Reference Prices (for which such date would otherwise be a Valuation 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 Valuation Date in respect of any Underlying Commodity and/or Commodity Index (each an "Affected Commodity"), the Relevant Price of each Underlying Commodity and/or Commodity Index which is not affected by the occurrence of a Market Disruption Event shall be determined on the relevant scheduled Valuation 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 Valuation 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 Valuation 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 Valuation 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 Underlying 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 Underlying Commodity.

"Exchange" means:

(i) in respect of an Underlying Commodity, each exchange or principal trading market for such Underling 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 Valuation 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 Underlying 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 Valuation 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 Valuation Date and (B) "Second Nearby Month" means the month of expiration of the second Futures Contract to expire following that Valuation Date etc.

"Postponement" means, in respect of a Valuation Date, that such Valuation 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 Valuation 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.

"Price Source" means:

(i) in respect of an Underlying 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 calculated by the Calculation Agent equal to:

where the value of:

$$Calculation\ Amount\ \times MAX\left[Floor\ \%;\left\{MIN\left(Cap\ \%;1+\left[CRM\ x\ \frac{Reference\ Item_{initial}-(SF\ \times Reference\ Item_{final})}{Reference\ Item_{final}}\right]\right)\right\}\right]$$

(u) Floor % shall be specified in the applicable Final Terms;

(v) Cap % shall be specified in the applicable Final Terms;

(w) "CRM" means the Commodity Redemption Multiplier specified in the applicable Final Terms;

(x) Reference $Item_{initial}$ shall be:

(i) the amount specified as such in the applicable Final Terms; or

(ii) if Reference $Item_{initial}$ Determination is specified as being applicable in the applicable Final Terms, the Reference Price (as defined in this Condition 10*(f)*) determined (and subject to adjustment) in accordance with this Condition 10 in respect of the Valuation Date specified for this purpose in the applicable Final Terms; or

(iii) if Reference $Item_{initial}$ Averaging is specified as being applicable in the applicable Final Terms, the arithmetic average of the relevant Reference Prices (as defined in this Condition 10*(f)*) determined (and subject to adjustment) in accordance with this Condition 10 in respect of each Valuation Date specified for this purpose in the applicable Final Terms;

(y) Reference $Item_{final}$ shall be:

(i) the amount specified as such in the applicable Final Terms; or

(ii) if Reference $Item_{final}$ Determination is specified as being applicable in the applicable Final Terms, the Reference Price (as defined in this Condition 10*(f)*) determined (and subject to adjustment) in accordance with this Condition 10 in respect of the Valuation Date specified for this purpose in the applicable Final Terms; or

(iii) if Reference $Item_{final}$ Averaging is specified as being applicable in the applicable Final Terms, the arithmetic average of the relevant Reference Prices (as defined in this Condition 10*(f)*) determined (and subject to adjustment) in accordance with this Condition 10 in respect of each Valuation Date specified for this purpose in the applicable Final Terms; and

(z) SF means the Scaling Factor specified in the applicable Final Terms,

provided always that the Redemption Amount shall in no event be less than zero and in the case of Commodity Linked Redemption Notes which are represented by a Global Note, the reference to "Calculation Amount" shall be deemed to refer to the aggregate outstanding nominal amount of the Commodity Linked Redemption Notes represented by such Global Note. 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.

"Reference Price" means:

(i) where the Commodity Linked Notes are specified in the applicable Final Terms to relate to a single Underlying Commodity, the price, which may be expressed as a price per Unit or otherwise, as specified in the applicable Final Terms, of such Underlying Commodity;

(ii) where the Commodity Linked Notes are specified in the applicable Final Terms to relate to a Basket of Underlying Commodities, an amount equal to the sum of the values calculated for each Underlying Commodity multiplied by the relevant Multiplier specified in the applicable Final Terms;

(iii) in the case of a Commodity Index, the price or level of such Commodity Index as specified in the Final Terms; or

(iv) in the case of a Basket of Commodity Indices, an amount equal to the sum of the values calculated for each Commodity Index on that Valuation Date, multiplied by the relevant Multiplier specified in the applicable Final Terms.

"Relevant Price" means, in respect of a Valuation 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 Basket of Underlying Commodities, an amount equal to the sum of the prices calculated for each Underlying Commodity; or

(iii) in the case of a Commodity Index, the price or level of such Commodity Index; or

(iv) in the case of a Basket of Commodity Indices, an amount equal to the sum of the prices calculated for each 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.

"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 Underlying 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 Valuation 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 Underlying 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 Underlying 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 Underlying Commodity is suspended for the entire Valuation Date; or

  (ii) all trading in the relevant Futures Contract or the relevant Underlying Commodity is suspended subsequent to the opening of trading on the Valuation Date, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract or Commodity on such Valuation 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 Underlying 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 Underlying Commodity may fluctuate and the closing or settlement price of the relevant Futures Contract or the relevant Underlying Commodity on such day is at the upper or lower limit of that range.

"Underlying Commodity" and "Underlying Commodities" means the commodity (or commodities) specified as such in the applicable Final Terms.

"Unit" means, in respect of an Underlying Commodity, the unit of measure of such Underlying Commodity, as specified in the relevant Commodity Reference Price or the applicable Final Terms, as the case may be.

"Valuation 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.

11 Fund Linked Notes

If the Notes are Fund Linked Interest Notes in the applicable Final Terms then the provisions of this Condition 11 apply, as applicable, as completed by the applicable Final Terms.

Unless Fund Linked Interest Notes are previously redeemed or purchased and cancelled, if the determination of an Interest Amount is postponed as a result of the occurrence of a Disrupted Day (as defined in Condition 11(c) below) which prevents a Valuation Date falling on its corresponding Scheduled Valuation Date, then payment of any such amount (the "Fund Linked Affected Amount") shall be postponed to the date which is the Fund Linked Interest Payment Extension Number (as specified in the applicable Final Terms) of Business Days following the latest Valuation Date that is necessary to determine such Fund Linked Affected Amount, and such Fund Linked Affected Amount shall be paid without any interest or other sum payable in respect of the postponement of the payment thereof.

(a) Fund Potential Adjustment Event

If Fund Potential Adjustment Events are specified as applicable 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 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 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 20 (*Notices*), 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 Conditions and/or the applicable Final Terms and giving brief details of the Fund Potential Adjustment Event.

For the purposes of this Condition 11:

"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 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 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 20 (*Notices*) 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 11:

"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

(i) In the event that either the Trade Date or any Valuation Date is a Disrupted Day which does not relate to an Averaging Payment, then Valuation Date shall be the earlier of (A) the first succeeding Scheduled Fund Valuation Date which is not a Disrupted Day and (B) the Valuation Cut-Off Date. If the earlier of such dates is the Valuation Cut-Off Date then the Calculation Agent shall determine its good faith estimate of the net asset value for the Fund Interest for that Valuation Cut-Off Date, notwithstanding the fact that such day is a Disrupted Day. Notwithstanding the above, the Calculation Agent may also determine that a Fund Extraordinary Event has occurred.

(ii) In the event that any Valuation Date which relates to an Averaging Payment is a Disrupted Day, then the Valuation Date shall be such date as is determined in accordance with Condition 11(*d*) below.

A "Disrupted Day" means either the Trade Date or a Valuation Date, as applicable 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) Consequences of Disrupted Days: Averaging Payments

(i) Where the Notes are specified in the applicable Final Terms to relate to a single Fund Interest, the Calculation Agent determines that any Valuation Date in respect of an Averaging Payment is a Disrupted Day, then:

(A) if "Omission" is specified to be applicable in the applicable Final Terms, such date shall be deemed not to be a relevant Valuation Date for the purposes of determining the relevant Averaging Payment in respect of such Valuation Date, provided that if through the operation of this provision there would not be any Valuation Date in respect of such Averaging Payment, then the sole Valuation Date shall be the earlier of (A) the first succeeding Scheduled Fund Valuation Day following the Scheduled Fund Valuation Date that is not a Disrupted Day and (B) the Valuation Cut-Off Date;

(B) if "Postponement" is specified to be applicable in the applicable Final Terms, the Valuation Date shall be the earlier of (A) the first Scheduled Fund Valuation Day following the Scheduled Fund Valuation Date that is not a Disrupted Day and (B) the Valuation Cut-Off Date. Any day

(including, for the avoidance of doubt, the Valuation Cut-Off Date) determined to be a Valuation Date as a result of the operation of this Condition 11(*d*)(i)(B) shall be a Valuation Date, irrespective of whether it falls on a day that already is or is deemed to be a Valuation Date; or

(C) if "Modified Postponement" is specified to be applicable in the applicable Final Terms, the Valuation Date shall be the earlier of (A) the first Valid Date following the Scheduled Valuation Date and (B) the Valuation Cut-Off Date, irrespective of whether the Valuation Cut-Off Date falls on a day that already is or is deemed to be a Valuation Date.

(ii) Where the Notes are specified in the applicable Final Terms to relate to a Basket of Fund Interests, if the Calculation Agent determines that any Valuation Date in respect of a Valuation Date for an Averaging Payment is a Disrupted Day in respect of any Fund Interest, then:

(A) if "Omission" is specified to be applicable in the applicable Final Terms, such date shall be deemed not to be a Valuation Date in respect of any Fund Interest in respect of such Valuation Date, provided that, if through the operation of this provision there would not be any Valuation Date in respect of such Averaging Payment, then:

(i) the sole Valuation Date for each Fund Interest in respect of which the final Valuation Date is not a Disrupted Day shall be the final Valuation Date; and

(ii) the sole Valuation Date for each Fund Interest in respect of which the final Valuation Date is a Disrupted Day (each such Underlying Fund, an "Affected Fund") shall be the earlier of (I) the first succeeding Scheduled Fund Valuation Day following the Scheduled Fund Valuation Date that is not a Disrupted Day in respect of such Affected Fund and (II) the Valuation Cut-Off Date for such Affected Fund;

(B) if "Postponement" is specified to be applicable in the applicable Final Terms, then:

(i) the Valuation Date for each Fund Interest in respect of which the Scheduled Valuation Date is not a Disrupted Day shall be the Valuation Date; and

(ii) the Valuation Date for each Fund Interest in respect of which the Valuation Date is a Disrupted Day (each such Fund Interest, an "Affected Fund") shall be the earlier of (I) the first succeeding Scheduled Fund Valuation Day following the Scheduled Fund Valuation Date that is not a Disrupted Day in respect of such Affected Fund and (II) the Valuation Cut-Off Date for such Affected Fund. Any day (including, for the avoidance of doubt, the Valuation Cut-Off Date) determined to be a Valuation Date as a result of the operation of this Condition 11(*B*)(ii) shall be a Valuation Date, irrespective of whether it falls on a day that already is or is deemed to be a Valuation Date; or

(C) if "Modified Postponement" is specified to be applicable in the applicable Final Terms then:

(i) the Valuation Date for each Fund Interest in respect of which the Scheduled Valuation Date is not a Disrupted Day shall be the Valuation Date; and

(ii) the Valuation Date for each Fund Interest in respect of which the Valuation Date is a Disrupted Day (each such Fund Interest, an "Affected Fund") shall be the earlier of (I) the first Valid Date following the Valuation Date in respect of such Affected Fund and (II) the Valuation Cut-Off Date for such Affected Fund, irrespective of whether the Valuation Date falls on a day that already is or is deemed to be a Valuation Date.

(e) Definitions applicable to Fund Linked Notes

For the purposes of this Condition 11:

"Averaging Payment" means any payment relating to:

(a) Fund Interest Linked Interest Notes in respect of which the Variable Rate of Interest is determined in accordance with Condition 3(*b*)(ii)(W), the Asian Option – Underlying Fund Interest/Basket of Underlying Fund Interests Variable Option; and

(b) any other amounts payable on Fund Interest Linked Notes to which averaging relates.

"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 Linked Notes" means Fund Linked Interest Notes.

"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).

"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, subject to adjustment in accordance with Condition 11(*c*).

"Valid Date" means a Scheduled Fund Valuation Day that is not a Disrupted Day and on which another Valuation Date does not or is not deemed to occur.

"Valuation Cut-Off Date" means the date which falls one calendar year following the Scheduled Valuation Date.

"Valuation Time" means the time specified in the applicable Final Terms.

"Valuation Date" means each date specified as such in the applicable Final Terms, subject to adjustment in accordance with Condition 11(*c*) and (*d*), as applicable, above.

12 Credit Linked Notes

If the Notes are specified as Credit Linked Notes in the applicable Final Terms then the provisions of this Condition 12 apply, as applicable, as completed by the applicable Final Terms.

Unless otherwise stated in this Condition 12 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 12*(b)* and Condition 12*(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 to the Noteholders in accordance with Condition 20 (*Notices*) and, subject to any adjustment in accordance with Condition 12*(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 12*(d)* below.

If Conditions to Settlement are satisfied and the Notes become redeemable in accordance with this Condition 12(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 to the Noteholders in accordance with Condition 20 (*Notices*) 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 12*(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 12*(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 12*(g)*(y) applies, the Postponed Maturity Date (as defined in Condition 12*(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 20 (*Notices*) 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 12*(b)* and Condition 12*(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 12*(d)*.

(e) Grace Period Extension

If "Grace Period Extension" is specified as applying in the applicable Final Terms, the provisions of this Condition 12*(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 20 (*Notices*) 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 12*(b)* or Condition 12*(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 12(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 20 (*Notices*) 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 12*(b)* or Condition 12*(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 12(f).

(g) Maturity Date Extension

Without prejudice to Condition 12*(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 20 (*Notices*) 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 12*(g)*(x), Conditions to Settlement are not satisfied on or prior to the Postponed Maturity Date or, in the case of Condition 12*(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 12*(g)*(x), Conditions to Settlement are satisfied on or prior to the Postponed Maturity Date, the provisions of Condition 12*(b)* or Condition 12*(c)*, as applicable, shall apply to the Notes; or

(B) in the case of Condition 12*(g)*(y), the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Maturity Date, the provisions of Condition 12*(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 12(g).

(h) Settlement Suspension

(i) Suspension

Without prejudice to Condition 12*(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 12 and the definitions of Credit Event Redemption Date, Valuation Date, and any other provision in this Condition 12 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 12 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 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 12*(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 20 (*Notices*) 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 12*(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:

(a) 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

(b) 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 12*(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 12*(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 12 (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 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 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 20 (*Notices*).

"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:

$$(\mathrm{A} \times \mathrm{B}) - \mathrm{C}$$

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 12*(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 12*(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 12*(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 Conditions, including without limitation, the definition of "Quotation Amount" in Condition 12(*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 12*(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 Weighted 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 20 (*Notices*).

"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 (a) and (b) 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 12*(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;

(2) "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;

(3) "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");

(4) "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";

(5) "Not Domestic Currency" means any obligation that is payable in any currency other than the Domestic Currency;

(6) "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;

(7) "Listed" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and

(8) "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 12*(j)* 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:

(a) 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

(b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation 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:

(a) 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

(b) otherwise, by the delivery by the Calculation Agent to the Issuer of a Repudiation/Moratorium Extension Notice and, if Notice of Publicly Available Information 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:

(a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;

(b) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;

(c) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest or (ii) the payment of principal or premium;

(d) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or

(e) any change in the currency 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:

(i) 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;

(ii) 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

(iii) 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 12*(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:

(a) 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

(b) otherwise, the date that is 90 calendar days prior to the earlier of:

(i) the date on which the Succession Event Notice is effective; and

(ii) 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 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 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 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 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 20 (*Notices*), stating the adjustment to these 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 12 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 12*(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 12*(k)* is specified as applicable in the applicable Final Terms, then, notwithstanding anything to the contrary in these 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 12 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 12 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 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 12(*k*) the effective date of such adjustment(s).

(iii) If the provisions of this Condition 12*(k)* 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 12*(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 sub-paragraphs (a) to (d) 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 12*(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 12*(j)* and paragraph (a) of the definition of "Deliverable Obligation" in Condition 12*(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 12(*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 12 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 12*(m)* 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 12*(j)*, "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 12*(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 12*(j)* 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 12*(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 12*(m)*) (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 12*(m)*(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 12*(n)* is specified as applicable in the applicable Final Terms, Condition 12*(j)* 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 12*(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 12 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.

13 Additional Disruption Events and Alternative Currency Provisions

(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 Condition 13*(a)*(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 Reference $\text{Item}_{\text{initial}}$ and/or the Reference $\text{Item}_{\text{final}}$ and/or the Multiplier and/or any of the other terms of these 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 20 (*Notices*) 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 20 (*Notices*) 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 (A) Change in Law, (B) Hedging Disruption, (C) Increased Cost of Hedging, (D) Increased Cost of Stock Borrow (applicable only for Equity Linked Notes and Index Linked Notes), (E) Insolvency Filing (applicable only for Equity Linked Notes and Index Linked Notes) and/or (F) 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) the Issuer 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.

(c) Alternative Currency Provisions

If the Alternative Currency Provisions are specified to be applicable in the applicable Final Terms, then if the Issuer in agreement with the Calculation Agent determines that it would be commercially impracticable for the Issuer to satisfy any payment obligation in respect of the Notes when due in the Specified Currency as a result of a Specified Currency Disruption Event, then the Issuer in its sole and absolute discretion may take any one or more of the actions described in Conditions 13*(c)*(i), (ii) and/or (iii) below:

(i) determine that the relevant payment obligation of the Issuer in respect of the Notes be postponed to a later date when the relevant Specified Currency Disruption Event has ceased to exist (in the determination of the Calculation Agent), provided that such payment obligation will not be postponed beyond the date falling the Maximum Alternative Currency Number (as specified in the applicable Final Terms) of Business Days after the original due date (such date, the "Postponement Longstop Date"), in which case the relevant payment will be due on the date as so postponed, without any Interest Amount or other sum payable in respect of the postponement of the payment of such amount;

(ii) determine that the Issuer's obligation to make any payment in respect of the Notes in the Specified Currency, whether or not previously postponed in accordance with Conditions 10(c)(i) above, be replaced by an obligation to make payment of the Alternative Currency Equivalent of such payment, in which case, it will settle any such obligation by payment of the relevant Alternative Currency Equivalent not later than the Postponement Longstop Date; or

(iii) give notice to the Noteholders in accordance with Condition 20 (*Notices*) and redeem all, but not some only, of the Notes on a date selected by the Issuer by payment of the Alternative Currency Equivalent of, or, if so specified in such notice, an amount in the Specified Currency equal to, the Early Redemption Amount to each Noteholder in respect of each Note held by such Noteholder. Payment will be made in such manner as shall be notified to the Noteholders in accordance with Condition 20 (*Notices*).

Any payment made in the Alternative Currency under such circumstances will constitute valid payment, and will not constitute a default in respect of the Notes.

Upon the occurrence of a Specified Currency Disruption Event and the Issuer in agreement with the Calculation Agent making a determination that such Specified Currency Disruption Event makes it commerciality impracticable for the Issuer to satisfy its payment obligations in respect of the Notes when due in the Specified Currency, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 20 (*Notices*) stating the occurrence of the Specified Currency Disruption Event, giving details thereof and the action proposed to be taken in relation thereto. Where the Issuer determines to take further action in accordance with Conditions 13*(c)*(i) to (iii), a further notice shall be given to Noteholders as soon as reasonably practicable in accordance with Condition 20 (*Notices*).

In making any determination in respect of any Specified Currency Disruption Event, neither the Issuer nor the Calculation Agent shall have regard to any interest arising from circumstances particular to any one or more Noteholders (whatever their number), and, in particular, but without limitation, shall not have regard to the consequences of any such determination for any one or more Noteholders (whatever their number), resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and no Noteholder shall be entitled to claim, from the Issuer or the Calculation Agent or any other person any indemnification or payment in respect of any tax consequences or other losses of any such determination upon any Noteholders.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 13*(c)* by the Issuer or the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Noteholders.

(d) Definitions applicable to the Alternative Currency Provisions

"1998 ISDA FX Definitions" means the 1998 ISDA FX and Currency Option Definitions, as published by the International Swaps and Derivatives Association, Inc., and in respect of the Notes, as amended and supplemented up to and including the Issue Date of the first Tranche of the Notes.

"AC Rate Calculation Date" means the date specified as such in the applicable Final Terms.

"AC Rate Calculation Business Day" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in the AC Rate Calculation Jurisdiction(s).

"AC Rate Calculation Date" means the day which is the number of AC Rate Calculation Business Days specified in the relevant Final Terms before the due date for payment of the relevant amount under the Notes or, if the relevant Alternative Currency FX Rate is not available on such day, the last preceding AC Rate Calculation Business Day on which the relevant Alternative Currency FX Rate was most recently available, as determined by the Calculation Agent.

"AC Rate Calculation Jurisdiction(s)" means the jurisdiction(s) that are relevant for determining whether a day is an AC Rate Calculation Business Day, as specified in the relevant Final Terms.

"AC USD Rate Calculation Date" means the date specified as such in the applicable Final Terms.

"AC USD Rate Calculation Business Day" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in the AC USD Rate Calculation Jurisdiction(s).

"AC USD Rate Calculation Date" means the day which is the number of AC USD Rate Calculation Business Days specified in the relevant Final Terms before the due date for payment of the relevant amount under the Notes or, if the relevant Alternative Currency USD FX Rate is not available on such day, the last preceding AC USD Rate Calculation Business Day on which the relevant Alternative Currency USD FX Rate was most recently available, as determined by the Calculation Agent.

"AC USD Rate Calculation Jurisdiction(s)" means the jurisdiction(s) that are relevant for determining whether a day is an AC USD Rate Calculation Business Day, as specified in the relevant Final Terms.

"Alternative Currency" means the currency specified as such in the relevant Final Terms (or any lawful successor currency to that currency).

"Alternative Currency Equivalent" means, (i) where the Alternative Currency is U.S. dollars, in respect of an amount denominated in the Specified Currency, such amount converted into the Alternative Currency using the Alternative Currency FX Rate for the relevant Rate Calculation Date, all as determined by the Calculation Agent, and (ii) where the Alternative Currency is a currency other than U.S. dollars, in respect of an amount denominated in the Specified Currency, such amount converted into the Alternative Currency by converting such amount into an amount expressed in U.S. dollars using the Alternative Currency FX Rate for the relevant Rate Calculation Date, and multiplying the resultant U.S. dollar amount by the Alternative Currency USD FX Rate for the relevant Rate Calculation Date, all as determined by the Calculation Agent.

"Alternative Currency FX Rate" means, either:

(i) if "ISDA Determination" is specified to be applicable in the applicable Final Terms, the Spot Rate or Settlement Rate (as applicable) that would be determined by the Calculation Agent under an FX Transaction governed by an ISDA Master Agreement which incorporates the 1998 ISDA FX Definitions and under which:

  (a) the Settlement Rate Option is as specified in the relevant Final Terms; and

  (b) the Rate Calculation Date is the applicable Rate Calculation Date; or

(ii) if "Calculation Agent Determination" is specified to be applicable in the applicable Final Terms, the currency exchange rate at the Valuation Time on the AC Rate Calculation Date for foreign exchange transactions of the Specified Currency into U.S. dollars as determined by the Calculation Agent in good faith and in a commercially reasonable manner, taking into consideration all available information that it deems relevant.

For the purposes of these Alternative Currency Conditions, "FX Transaction", "Rate Calculation Date", "Settlement Rate", "Settlement Rate Option" and "Spot Rate" have the meanings given to them in the 1998 ISDA FX Definitions.

"Alternative Currency USD FX Rate" means, either:

(i) if "ISDA Determination" is specified to be applicable in the applicable Final Terms, the Spot Rate or Settlement Rate (as applicable) that would be determined by the Calculation Agent under an FX Transaction governed by an ISDA Master Agreement which incorporates the 1998 ISDA FX Definitions and under which:

(a) the Settlement Rate Option is as specified in the relevant Final Terms; and

(b) the Rate Calculation Date is the applicable Rate Calculation Date; or

(ii) if "Calculation Agent Determination" is specified to be applicable in the applicable Final Terms, the currency exchange rate at the Valuation Time on the AC USD Rate Calculation Date for foreign exchange transactions of U.S. dollars into the Alternative Currency as determined by the Calculation Agent in good faith and in a commercially reasonable manner, taking into consideration all available information that it deems relevant.

For the purposes of these Alternative Currency Conditions, "FX Transaction", "Rate Calculation Date", "Settlement Rate", "Settlement Rate Option" and "Spot Rate" have the meanings given to them in the 1998 ISDA FX Definitions.

"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 Specified Currency Jurisdiction.

"Illiquidity" means (i) in respect of any payment obligation in respect of the Notes, foreign exchange markets for the Specified Currency becoming illiquid (including, without limitation, the existence of any significant price distortion) or unavailable as a result of which it is impossible or commercially impracticable for the Issuer and/or any of its Affiliates to obtain a sufficient amount of the Specified Currency in order to satisfy any such obligation or (ii) it becomes impossible or commercially impracticable to obtain a firm quote for exchange of the Specified Currency into the Alternative Currency.

"Inconvertibility" means, in respect of any payment or obligation in respect of the Notes, the occurrence of any event that makes it impossible, illegal or commercially impracticable for the Issuer and/or any of its Affiliates to convert any amount due in respect of the Notes in the foreign exchange markets for the Specified Currency (including, without limitation, any event that has the direct or indirect effect of hindering, limiting or restricting convertibility by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on repatriation of one currency into another currency) other than where such impossibility, illegality or impracticability is due solely to the failure of the Issuer and/or any of its Affiliates to comply with any law, rule or regulation enacted by any relevant Governmental Authority (unless such law, rule or regulation becomes effective on or after the Trade Date and it is impossible or commercially impracticable for the Issuer and/or any of its Affiliates, due to an event beyond its control, to comply with such law, rule or regulation);

"Non-Transferability" means, in respect of any payment obligation in respect of the Notes, the occurrence of any event that makes it impossible or commercially impracticable for the Issuer and/or any of its Affiliates to deliver the Specified Currency in relation to any such payment obligation between accounts inside the Specified Currency Jurisdiction or between an account inside the Specified Currency Jurisdiction and an account outside the Specified Currency Jurisdiction, other than where such impossibility or impracticability is due solely to the failure of the Issuer and/or any of its

Affiliates to comply with any law, rule or regulation enacted by any relevant Governmental Authority (unless such law, rule or regulation becomes effective on or after the Trade Date and it is impossible or commercially impracticable for the Issuer and/or any of its Affiliates, due to an event beyond its control, to comply with such law, rule or regulation).

"Rate Calculation Date" means an AC Rate Calculation Date or an AC USD Rate Calculation Date;

"Specified Currency Disruption Event" means, in respect of the Specified Currency:

(i) Inconvertibility;

(ii) Non-Transferability;

(iii) Illiquidity; and

(iv) 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) the Issuer deems necessary to hedge the currency 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).

"Specified Currency Jurisdiction" means the primary jurisdiction for which the Specified Currency is the lawful currency.

14 Taxation

(a) Tax Gross-Up

If Condition 14*(a)* is specified as applicable in the applicable Final Terms, all payments of principal and/or Interest Amounts 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 Amounts 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 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 20 (*Notices*).

(b) No Tax Gross-Up

If Condition 14*(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.

15 Prescription

The Notes, Receipts and Coupons will become void unless claims in respect of principal and/or Interest Amounts are made within a period of 10 years (in the case of principal) and five years (in the case of Interest Amounts) after the Relevant Date (as defined in Condition 14*(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)*.

16 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 par (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 Amounts 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 "*gerechtelijke reorganisatie*" 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.

17 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.

18 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 other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 in the taxation of savings income 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 20 (*Notices*).

(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 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 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.

19 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 Amounts due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 15.

20 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.

21 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 Amounts 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 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 20 (*Notices*) as soon as practicable thereafter.

22 Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the 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 Amounts thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

23 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.

24 Governing Law and Submission to Jurisdiction

(a) The Agency Agreement, the Notes (except Condition 2*(c)*), 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*(c)* 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

This section explains what the net proceeds from the sale of the Notes issued under the Programme will be used for.

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 section sets out the form of the guarantee the Guarantor will provide under the Programme.

THIS DEED OF GUARANTEE is made on 4 July 2013 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 4 July 2013 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 4 July 2013 (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 4 July 2013 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 14*(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 14*(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 4 July 2013

DESCRIPTION OF THE ISSUER

This section provides a description of the Issuer's business activities as well as certain financial information in respect of the Issuer.

KBC INTERNATIONALE FINANCIERINGSMAATSCHAPPIJ N.V.

History and Development

The Issuer's legal and commercial name is KBC Internationale Financieringsmaatschappij N.V.

The Issuer was incorporated in the form of a limited liability company and was registered in the Netherlands with registered number 33.168.630 on 15 April 1982. The Issuer has an unlimited duration and operates under the laws of the Netherlands.

The Issuer has its registered office at Watermanweg 92, 3067 GG Rotterdam, the Netherlands, telephone number +31 (0)10 4367146. The Issuer's principal objects, as set out in Article 2 of its articles of association are the issue of bonds and the on-lending of the proceeds to the Guarantor, its subsidiaries and associated companies. The Issuer's principal activity consists of the administration of the bonds issued and the loans made.

Recent Events

There have not been any recent events relevant to the evaluation of the Issuer's solvency, nor has there been any material adverse change in the financial position or prospects of the Issuer, since 31 December 2012.

Investments

There has been no relevant investment made by the Issuer since the date of its last published financial statements.

The Issuer has not resolved upon making any future investments since the date of its last published financial statements.

Business Overview

- The purpose of the Issuer is the issue of bonds and the on-lending of the proceeds to the Guarantor and its subsidiaries and associated companies. The Issuer's principal activity consists of the administration of the bonds issued and the loans made.
- 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 23 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 thereto to which it is, or will be, a party. The Issuer is directly owned by the Guarantor and its debt is fully guaranteed by the Guarantor. The Issuer is accordingly dependent on the Guarantor and other members of the KBC Bank Group servicing those loans.
- The Issuer is indirectly controlled by KBC Group NV and ultimately by the shareholders of KBC Group NV. An overview of the shareholding of KBC Group is available on www.kbc.com. At the date of the Base Prospectus and based on the notifications made in accordance with the Belgian law of 2 May 2007 on disclosure of major holdings in issuers whose shares are admitted to trading on a regulated market, the major shareholders of KBC Group NV are KBC Ancora, Cera, MRBB and the other core shareholders.
- This Base Prospectus does not contain statements regarding the competitive position of the Issuer or forecasts or estimates in respect of the Issuer.

Trend Information

There are no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year.

Management Board and Supervisory Board of the Issuer

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.

As at the date of approval of this Base Prospectus, the composition of the Management Board of the Issuer is set out in table below:

Name	Position	Principal Activities outside the Issuer
J.G. Heffernan	Company Director	None
H.B.J. Wouters	Company Director	General Manager, KBC Bank NV Nederland

The business address of each Company Director of the Issuer in his capacity as such is Watermanweg 92, 3067 GG Rotterdam, the Netherlands. Each Company Director has the power of acting individually and non-jointly to represent and bind the Issuer.

The Issuer's Management Board has no Committees.

As at the date of approval of this Base Prospectus, the Supervisory Board of the Issuer is formed by two members, set out in table below:

Name	Position	Principal Activities outside the Issuer
K. Hoffman	Supervisory Director	Chief Executive Officer , KBC Securities NV Executive Director, KBC Securities Finance LLC Chief Executive Officer, VLK Invest BVBA Executive Director, Magado BVBA
R.J.G. Janssen	Supervisory Director	Executive Director, KBC Credit Investments NV Executive Director, Galloway Bulgaria OOD

The business address of each Supervisory Director of the Issuer in his capacity as such is Watermanweg 92, 3067 GG Rotterdam, the Netherlands.

There are no conflicts of interest between the duties of the persons listed above to the Issuer and their private interests or other duties. The Issuer is not aware of any affiliations/associations of the members of the Management Board outside the Issuer which are relevant to the Issuer.

The Issuer has adopted corporate governance policies which comply with the laws and regulations of the Netherlands regarding corporate governance.

The Issuer has three permanent employees. Terms of employment are governed by the Collective Labour Agreement pertaining to the Dutch banking sector. There have been no employee related disputes.

Audit Committee

The Issuer is considered to be an "*Organisatie van Openbaar Belang*". In accordance with the Royal Decree of 26 July 2008, concerning the implementation of Article 41 of EC directive 2006/43 the Issuer is in principle required to have an Audit Committee. The Issuer uses the exception set out in Article 3a of this Royal Decree which stipulates that the requirement to establish an Audit Committee is not applicable to subsidiaries of a parent company which do have an Audit Committee and comply with the clauses en principles of the Dutch Corporate Governance Code.

Organisational Structure

The KBC group consists of the KBC Group NV (the holding company) and its wholly-owned subsidiaries KBC Bank NV and KBC Insurance NV. The Issuer is a wholly-owned subsidiary of the Guarantor and acts as a financing vehicle for the Guarantor and its subsidiaries. The Issuer complies with the control requirements

and standards of the Group with regard to accounting, operations, internal controls and risk management. For a description of the KBC Bank Group, please see the section titled "Description of the Guarantor" below.

Principal Subsidiary of the Issuer

On 28 September 2012 KBC International Finance N.V., Curaçao, a fully-owned subsidiary of the Issuer, was liquidated, its operations having terminated and all outstanding bonds having been repaid by that date.

Capital Structure

Authorised

50,000 ordinary shares of €453.78	22,689,000

Paid-in and called-up share capital

10,585 ordinary shares of €453.78	4,803,264

The paid-in and called-up share capital consists of 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 2011 and 2012.

Major Shareholders

The Guarantor holds 100 per cent. of the share capital of the Issuer. The Issuer is not aware of any arrangements the operation of which may result in a change of control of the Issuer. No specific measures are in place to prevent abuse of control.

FINANCIAL STATEMENTS AND SELECTED FINANCIAL INFORMATION OF THE ISSUER

Historical Financial Information

The Issuer's economic, asset and financial information for the 2012 and the 2011 financial years are contained in the Issuer's Financial Report 2012 and the Issuer's Financial Report 2011, which are available to the public and incorporated by reference in this Base Prospectus, as indicated in the section entitled "Documents incorporated by Reference" above.

Financial Statements

The Issuer prepares audited non-consolidated annual financial statements. The latest audited financial information relating to the Issuer is the Issuer's Financial Report 2012 and is dated 4 April 2013.

The Issuer publishes semi-annual non-consolidated and unaudited financial statements. The latest relating to the Issuer is the Issuer's Interim Financial Report 2012 and is dated 13 August 2012.

Auditing of historical annual financial information

The report of the independent registered public accounting firm (Ernst and Young Accountants LLP) contained in the Issuer's Financial Report 2012 (pages 27 and 28), and in the Issuer's Financial Report 2011 (pages 27 and 28), respectively, is available to the public and incorporated by reference in this Base Prospectus, as indicated in the section entitled "Documents incorporated by Reference" above.

The report dated 4 April 2013 on the financial information for the Issuer's Financial Report 2012 issued by Ernst & Young Accountants LLP, expressed an unqualified opinion on the above mentioned financial information.

The report dated 30 March 2013 on the financial information for the Issuer's Financial Report 2011 issued by Ernst & Young Accountants LLP, expressed an unqualified opinion on the above mentioned financial information.

Selected Financial Information

Unless the context otherwise requires, the financial information contained in this Base Prospectus regarding the Issuer is taken from the Issuer's Financial Report 2011 for the fiscal year ended on 31 December 2011, which was published on 30 March 2012 (the "Issuer's Financial Report 2011") and from the Issuer's Financial

Report 2012 for the fiscal year ended on 31 December 2012, which was published on 4 April 2013 (the "Issuer's Financial Report 2012" together with the Issuer's Financial Report 2011, the "Issuer's Financial Statements").

The following table sets out selected financial information for the Issuer. Assets and liabilities are mainly stated at amortised cost. Derivatives are stated in the balance sheet at fair value.

KBC Internationale Financieringsmaatschappij N.V.		
HIGHLIGHTS OF THE BALANCE SHEET AS AT:		
	(Audited) 31/12/2011	(Audited) 31/12/2012
Assets	€	€
Fixed assets		
Financial fixed assets	16,723,834,552	16,729,030,612
Other fixed assets	1,201,488,612	671,506,432
	17,925,323,164	17,400,537,044
Current assets		
Loans falling due within one year	4,736,495,814	2,530,393,722
Other current assets and cash		348,075,438
	343,625,675	
	5,080,121,489	2,878,469,160
Total assets	**23,005,444,653**	**20,279,006,204**
Liabilities	€	€
Capital and reserves		
Paid-in and called-up share capital	4,803,264	4,803,264
Reserves	8,106,733	7,711,262
	12,909,997	12,514,526
Long term liabilities	16,730,610,610	16,733,265,597
Other liabilities	1,196,763,369	666,701,183
Current liabilities	5,065,160,677	2,866,524,898
Total liabilities	**23,005,444,653**	**20,279,006,204**

HIGHLIGHTS OF THE PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31 DECEMBER 2011 and 31 DECEMBER 2012 (Audited)		
	2011	2012
	€	€
Interest Income	625,948,468	611,265,414
Interest expense	(619,983,045)	(606,154,304)
Gross margin	5,965,423	5,111,110
Income from participating interests	111,183	157,501
Total Expenses	(467,992)	(528,406)
Profit before taxation	5,608,614	4,740,205
Corporation tax	(1,366,606)	(1,135,676)
Net profit for the year	4,242,008	3,604,529

An interim dividend of €3,500,000 out of net profit for 2012 was paid on 2 January 2013, which was ratified by the Annual General Meeting of Shareholders on 29 May 2013. An interim dividend of €4,000,000 out of net profit for 2011 was paid on 2 January 2012, which was ratified by the Annual General Meeting of Shareholders on 29 May 2012.

During 2012 the Issuer issued notes amounting in total to €3,910,431,913 (2011: €4,309,913,273); the interest income of the Issuer decreased to €611,265,414 compared to €625,948,468 in 2011.

The solvency ratio of the Issuer was 0.06% at 31 December 2012 (2011: 0.06%).

The liquidity ratio of the Issuer (current assets to current liabilities) was 1 at 31 December 2012 (2011: 1).

The Issuer's Financial Statements have been prepared in accordance with Dutch generally accepted accounting principles. 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.

A copy of the Issuer's Financial Report 2012 has been deposited at the Company Registry in Rotterdam, the Netherlands and is available to the public and incorporated by reference in this Base Prospectus, as indicated in the section entitled "*Documents Incorporated by Reference*" above.

Litigation

In June 2012 KBC Internationale Financieringsmaatschappij N.V. and KBC Bank NV were summoned to appear before the court in Brussels on foot of a claim brought on behalf of former bondholders. The claim amounting to EUR 1,306,137 relates to losses incurred by the investors on early redemption of the bonds held by them. The lawsuit is being contested by KBC Internationale Financieringsmaatschappij N.V. and KBC Bank NV. Based on the information available to the directors, they are of the opinion that it is unlikely the company will suffer a loss and therefore no provision has been made in the accounts for this. Judgement is not expected until 2014.

Except for the above mentioned litigation, 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.

DESCRIPTION OF THE GUARANTOR

This section provides a description of the Guarantor's business activities as well as certain financial information in respect of the Guarantor.

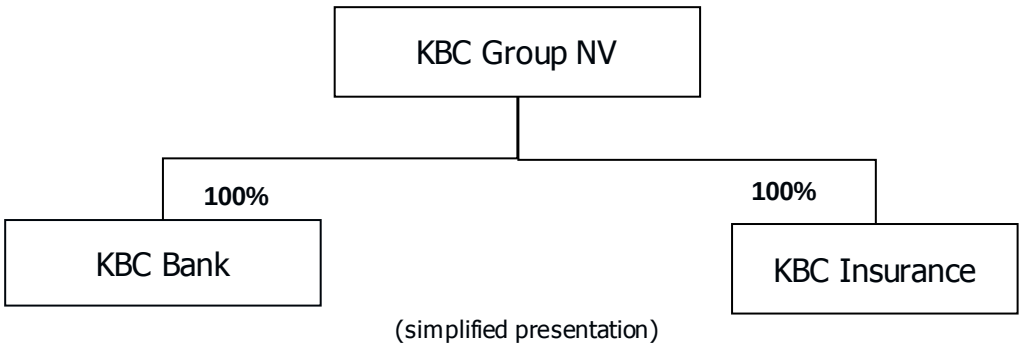
KBC BANK

1 Creation

KBC Bank NV, 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) for an unlimited duration and operates under the laws of Belgium. KBC Bank's registered office is at Havenlaan 2, B-1080 Brussels, Belgium and it can be contacted via its Telecenter (+32) (0)78 152 154. As KBC Bank NV is a wholly-owned subsidiary of KBC Group, KBC Bank NV is indirectly controlled by the shareholders of KBC Group.

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 ("NBB").

A simplified schematic of KBC Group's legal structure is provided below. KBC Bank and KBC Insurance NV each have a number of subsidiaries, a list of which is available on www.kbc.com.



As at the end of December 2012, the share capital of KBC Bank was EUR 8,948,000,000 and consisted of 915,228,482 ordinary shares, one of which is held by KBC Insurance NV and the remainder are held by KBC Group. KBC Group's shares are listed on NYSE Euronext Brussels and the Luxemburg Stock Exchange. An overview of the shareholding of KBC Group is available on www.kbc.com. At the date of the Base Prospectus and based on the notifications made in accordance with the Belgian law of 2 May 2007 on disclosure of major holdings in issuers whose shares are admitted to trading on a regulated market, the major shareholders of KBC Group NV are KBC Ancora, Cera, MRBB and the other core shareholders. No specific measures are in place to prevent abuse of control. There are no arrangements in place the operation of which may at a subsequent date result in a change of control of KBC Bank.

The Guarantor, as full subsidiary of KBC Group NV, also has, besides its banking activities, a holding function for a wide range of group companies, mainly banking and other financial entities in Central and Eastern Europe and in other selected countries, such as Ireland. In its capacity of holding company, the Guarantor is affected by the cash flows from dividends received from these group companies. The Guarantor also functions as funding provider for a number of these group companies.

The major other subsidiary of KBC Group NV is KBC Insurance NV. KBC Bank cooperates closely with KBC Insurance NV, amongst others, in relation to distribution of insurance products.

In the light 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 (which also affects KBC Bank) on 18 November 2009. The government support and the restructuring plan are discussed further under the sections "Capital transactions and guarantee agreements with the government in 2008 and 2009" and "The EU Plan of KBC Group".

2 The EU Plan of KBC Group

Since 2009, KBC Group has been working on a strategic analysis of its group-wide activities and of the economic and financial environment KBC Group currently operates in. This effort has resulted in a strategic plan, which has been tested under different macroeconomic scenarios. The plan analysed KBC Group's business and its proposed future strategy, and also served as a basis for the European Commission to assess KBC 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 18 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 Bank in the current circumstances, some measures presented in the initial strategic plan had become less effective or less feasible in achieving the intended aim of repaying the state aid in a timely manner.

In 2011, KBC 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 strategic plan, by the divestment of Kredyt Bank and Warta in Poland and the sale or unwind of selected ABS (asset backed securities) and CDO (collateralized debt obligations) assets.

This proposal was accepted by the EU Commission on 27 July 2011 (the "EU Plan").

In this strategy, basis for the EU Plan, KBC Group refocuses on its core bank-insurance 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 scaled down or sold. International corporate lending outside the home markets will be scaled down.

Based on the business unit breakdown that existed up to end 2012, the main divestments are:

- (former) Belgium Business Unit: it was decided to divest the complementary sales channels of Centea and Fidea (the latter belonging to KBC Insurance NV). In July 2011, Centea was sold to Landbouwkrediet/Crédit Agricole (Belgium). In March 2012, Fidea was sold to J.C. Flowers & co.
- (former) Central and Eastern Europe Business Unit: its was decided to focus on the Czech and Slovak Republics, Hungary and Bulgaria and to divest the presence in the other Central- and Eastern European countries, namely Kredyt Bank and Warta (the latter belonging to KBC Insurance NV) in Poland, Absolut Bank in Russia, KBC Banka (belonging to KBC Insurance NV) in Serbia, the minority stake in Ljubljanska Banka in Slovenia and Zagiel (Polish consumer finance). Mid 2012, Warta was sold to Talanx (Germany). In February 2012, KBC Group and Banco Santander announced their intention to merge their respective Polish banking subsidiaries and in March 2013, KBC sold its part in the resulting merged bank. In July 2012, Zagiel was sold to Santander Consumer Finance. In December 2012, sale agreements for both Absolut Bank (Russia) and the minority share in NLB (Slovenia) were signed (the sale of Absolut Bank was closed in May 2013; the sale of NLB was closed in March 2013). In April 2013, a divestment agreement for KBC Banka was signed (not yet closed).
- (former) Merchant Banking Business Unit: the objective was 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. This meant the closure of some branches and the sale of a number of subsidiaries. Mid June 2013, the bulk of the divestments was finalised, with the exception of Antwerp Diamond Bank and KBC Bank Deutschland. Moreover, the international credit portfolio outside the home markets has been downscaled.
- (former) European Private Banking: the entire former European Private Banking Business Unit (consisting of KBC Bank's former sister companies KBL European Private Bankers and Vitis Life) was considered non-core and was sold in July 2012 to Precision capital.

3 The strategic plan of KBC Group beyond 2013

On 8 October 2012, KBC Group announced publically its strategic plan for the future (the "Strategic Plan"). Six drivers define KBC Group's updated strategy:

- KBC Group will focus first and foremost on the client. KBC Group aims at building and deepening sustainable relationships with retail, SME (small and medium enterprises) and midcap clients. KBC Group's competitive advantage is understanding local clients and tailoring to their local needs. Hence, 'local responsiveness' is the key strategic priority and thus the point of gravity is local.

- KBC Group continues to focus on core bank and core insurance products and services. KBC Group confirms its long-standing and long-term commitment to its integrated bank-insurance model, a model which KBC Group has mastered and which has produced excellent results through the cycle.

- KBC Group clearly defines its core markets as those markets where it is present with banking and insurance companies. These core markets are Belgium, the Czech Republic, Hungary, Slovakia and Bulgaria, where the group is strongly embedded in the local economies. All activities which do not contribute to serving the client relationships in KBC Group's core markets will be stopped in principle; Ireland remains an exception: in the years ahead, KBC Bank Ireland will focus on raising profitability through the provision of personal banking services.

- KBC Group further mobilises cross-border co-operation and group leverage to create cost-efficiencies throughout the group. International Product Factories and International Service Providers will focus on offering products and services which support and are tailored to the distribution strategy of the business units and help to increase local responsiveness. Exchange of know-how, best practices, experience, products and services between the different business units and corporate functions will be stimulated through communities.

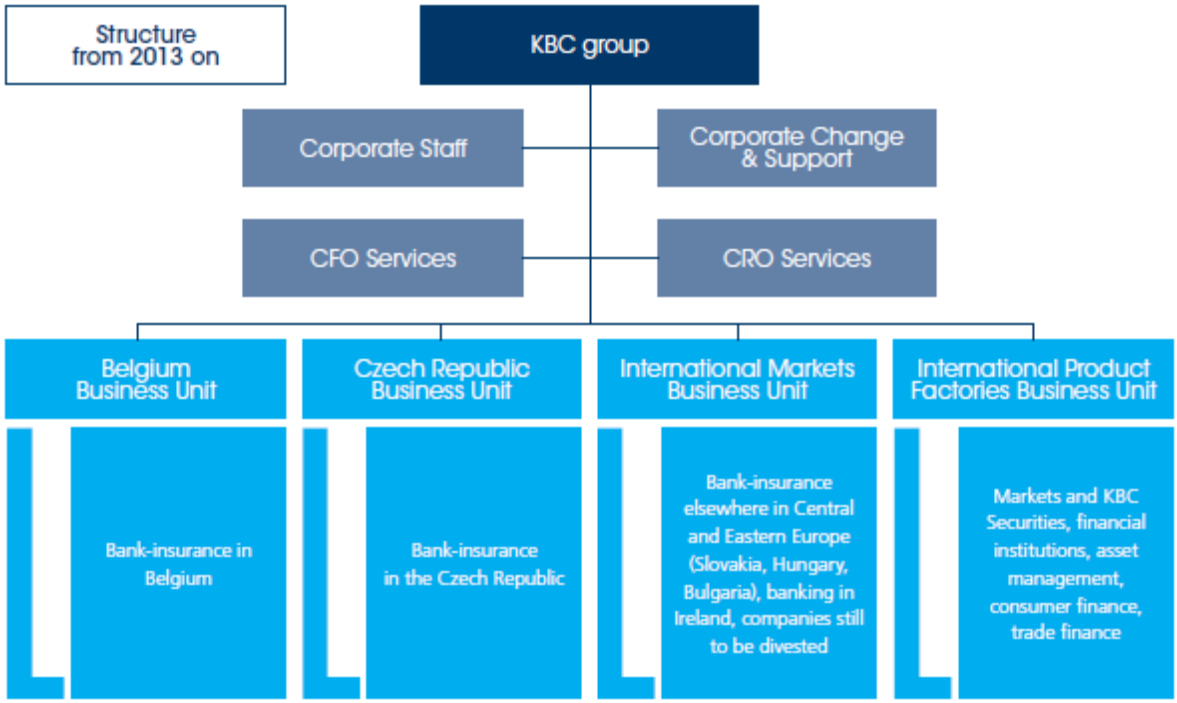
- KBC Group implements a new organisational structure that is fully aligned with the strategic choices and which supports effective decision making and accountability. The new structure includes, among other things, the creation of a new, separate business unit for the Czech Republic franchise, and clarification of the future role of the Merchant Banking Business Unit.

- KBC Group commits to a clearly defined group culture. KBC Group will strengthen its agility and responsiveness by emphasising and streamlining performance management and accountability for all staff. A clear link will be established between the strategic priorities and accountability (through key performance indicators).

KBC Group also announced some of its financial aspirations for 2015: it plans to improve its cost/income ratio to 55% by 2015, by both increasing revenues and improving efficiency and creating synergies. The combined ratio target for insurance is set at 95% or less. KBC Group is also targeting a liquidity coverage ratio of 100% and a net stable funding ratio of 105% by 2015. The Group also targets, as of 2013, a fully loaded Basel 3 common equity ratio of at least 10% (including the remaining state aid).

4 Management structure

The strategic choices are fully reflected in a new group structure, which consists of a number of new business units and support services and which are presented in simplified form as follows:



The new management structure as of 2013 comprises three building blocks:

(i) The 'generate' building block, consisting of the four new business units. These business units focus on local business and should contribute to sustainable profit and growth by catering for clients' needs.

The Belgium Business Unit and Czech Republic Business Unit: both mature market leaders, must ensure stable, growing, high-level profitability.

The International Markets Business Unit: contains the other core Central and Eastern European countries (Slovakia, Hungary and Bulgaria) and are viewed as growth generators. KBC Bank Ireland also belongs to this business unit, as well as the remaining non-core entities that are earmarked for divestment.

The International Product Factories Business Unit: includes Asset Management, Trade Finance, Consumer Finance, Markets & Securities, etc.

(ii) The 'improve' building block, consisting of the 'Corporate Change & Support', 'CRO Services' and 'CFO Services' pillars, act as an internal regulator, and must above all support the business units.

(iii) The 'develop' building block consisting of the 'Corporate Staff' pillar is a competence centre for strategic know-how and best practices on corporate organisation and communication. It supports and serves the Group Executive Committee and the business units, and is also dedicated to stimulating corporate collaboration.

Each business unit is headed by a Chief Executive Officer (CEO), and these CEOs, together with the CEO, the Chief Risk Officer (CRO), the Corporate Change and the Support officer (CCO) and the Chief Financial Officer (CFO) of KBC Group constitute the executive committee of the KBC Group.

Compared to the previous management structure and business unit breakdown, the main changes were:

The split of the former Merchant Banking Business Unit into:

- Corporate Banking Belgium, which, in line with the principle of local responsiveness, is shifted to the Belgium Business Unit;
- activities such as Markets and Securities – global by nature – which have been shifted into the new International Product Factories Business Unit;

- Ireland, which is incorporated into the new International Markets Business Unit.
- based on the focus on local economies and the integrated relationship bank-insurance model, the other corporate banking activities are positioned as part of each local business unit.

The split of the former Shared Services & Operations Business Unit into:

(i) Country and international product factories. Truly international product factories (e.g., KBC Asset Management and KBC Securities) are moved into the new International Product Factories Business Unit. Other, not truly international, product factories (e.g. Lease) are divided into the different business units as (embedded) Country Product Factories; and

(ii) International service providers (e.g. internal ICT department) are moved into the new Corporate Change & Support Division.

The split of the former Central and Eastern Europe Business Unit into:

(i) a separate business unit for the Czech Republic

(ii) the activities in the other Central and Eastern European Countries (Slovakia, Hungary, Bulgaria) are moved to the International Markets Business unit.

Based on this new management structure, the group also reworked its financial segment reporting presentation. More information on this can be found in the press release dd. 25 April 2013, available on www.kbc.com

5 Short presentation of KBC Bank Group

Shareholders (31 December 2012)	**Number of shares**
KBC Group NV	915,228,481
KBC Insurance NV	1
Total	915,228,482

The shareholdership of KBC Group is available on www.kbc.com.

Income Statement

The table below sets out highlights of the information extracted from the Guarantor's audited income statement for each of the two years ended 31 December 2011 and 31 December 2012, respectively:

Highlights of the consolidated income statement, KBC Bank (in millions of EUR)	**2011**	**2012**
Net interest income	4,484	3,838
Dividend income	33	13
Net result from financial instruments at fair value through profit or loss	2	37
Net realised result from available-for-sale assets	85	90
Net fee and commission income	1,565	1,589
Other net income	-50	370
TOTAL INCOME	**6,119**	**5,937**
Operating expenses	-3,709	-3,666
Impairment	-1,659	-2,323
Share in results of associated companies	-52	8
RESULT BEFORE TAX	**699**	**-44**
Income tax expense	-216	-147
RESULT AFTER TAX	**483**	**-191**
Attributable to minority interest	136	115
Attributable to equity holders of the parent	**347**	**-306**

Balance sheet

The table below sets out highlights of the information extracted from the Guarantor's audited balance sheet statement as at 31 December 2011 and 31 December 2012:

Highlights of the consolidated balance sheet, KBC Bank (in millions of EUR)	**31-12-2011**	**31-12-2012**
Total assets	241,076	224,824
Loans and advances to customers	140,078	128,474
Securities (equity and debt instruments)	46,740	48,230
Deposits from customers and debt securities	171,605	163,107
Risk weighted assets	106,256	88,927
Total equity	12,093	11,973
of which parent shareholders' equity	11,117	11,255

Noteworthy recent events:

First issue of covered bonds: In November 2012, KBC Bank announced a programme for the issue of EUR 10 billion of Belgian covered bonds. The programme followed the implementation of the Act of 3 August 2012, which created a regulatory framework for bonds of this kind. KBC Bank welcomes the opportunity to widen its investor base and diversify its funding mix and sources in the long-term by means of such bonds. In December 2012, KBC Bank launched a first, highly successful issue of covered bonds for an amount of EUR 1.25 billion. A new issue of bonds followed in January 2013, raising EUR 750 million. Further issues were made since.

Contingent capital issue: in January 2013, KBC Bank successfully placed 1 billion US dollars of contingent capital notes. The intention to issue these contingent capital notes was announced in a press release in December 2012, which also included the announcement of a capital increase of KBC Group (parent company of KBC Bank) by means of the issue of 58.8 million new shares.

Long-Term Refinancing Operation (LTRO) repayment: KBC has decided to repay its three-year LTRO to the European Central Bank in the first quarter 2013, for a total amount of EUR 8.3 billion.

Perpetuals: KBC Bank NV further announced that it does not intend to redeem early the KBC Bank 8% Perp NC5 Tier-1 hybrids issues of EUR 1.25 billion and EUR 700 million, respectively issued to private investors in 2008 on the first call date scheduled in 2013.

Network (as at 31 December 2012)	
Bank branches in Belgium	833
Bank branches in Central and Eastern Europe (Czech republic, Slovakia, Hungary and Bulgaria)	799
Bank branches in the rest of the world (incl. rep. offices)	16*

** including branches of KBC Bank and KBC Bank Ireland (excluding KBC Bank Deutschland, which is to be divested)*

6 Ratings of KBC Bank

Long-term credit ratings (as at 4 July 2013)

Fitch	A-
Moody's	A3
Standard and Poor's	A-

Each such credit rating agency[2] 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.

Standard & Poor's Credit Market Services Italy Srl. ("Standard & Poor's"): An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong. (Source: www.standardandpoors.com).

Moody's France S.A.S. ("Moody's"): Obligations rated A are judged to be upper-medium grade and are subject to low credit risk. The modifier 3 indicates a ranking in the lower end of that generic rating category. (Source: www.moodys.com).

Fitch France S.A.S. ("Fitch"): 'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. (Source: www.fitchratings.com).

The description of the ratings provided above has been extracted from the specified website of the relevant rating agency. Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. The web-site of the relevant rating agencies have been provided as sources only and no information from any such web-site is deemed to be incorporated by reference in or forms part of this Base Prospectus and neither the Issuer nor the Guarantor take any responsibility for the information contained in any such web-site.

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.

7 Main companies belonging to KBC Bank (as of 31 December 2012)

Company	Registered office	Ownership percentage at KBC Bank Level	Activity (simplified)
Main fully consolidated subsidiaries			
Absolut Bank (sale agreement signed and finalised in May 2013)	Moscow – RU	99.00	Credit institution
Antwerpse Diamantbank NV[3]	Antwerp – BE	100.00	Credit institution
CBC Banque SA	Brussels – BE	100.00	Credit institution
CIBANK AED	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 NV	Brussels – BE	100.00	Credit institution

[2] 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

[3] This subsidiary is to be divested in accordance with the EU Plan.

Company	Registered office	Ownership percentage at KBC Bank Level	Activity (simplified)
KBC Bank Deutschland AG[4]	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 Commercial Finance NV	Brussels – BE	100.00	Factoring
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 Securities NV	Brussels – BE	100.00	Stock exchange broker/corporate finance
K&H Bank Rt.	Budapest – HU	100.00	Credit institution
Main proportionately consolidated subsidiaries			
-	-	-	-
Main companies accounted for using the equity method			
Nova Ljubljanska banka d.d. (NLB) (sale agreement signed and finalised in March 2013)	Ljubljana – SI	22,04	Credit institution

A full list of companies belonging to KBC Bank Group is provided in its 2012 annual report.

8 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 (SMEs) and midcaps.

Its geographic focus is on Europe. In its "home" markets Belgium, Czech Republic, Slovakia, Hungary and Bulgaria, KBC Bank Group has important and (in some cases) even leading positions. The KBC Bank Group is also present in Ireland and in certain other countries where the primary focus is on supporting the corporate clients of the home markets.

KBC Bank Group's core business is retail and private bank-insurance (including asset management), although it is also active in providing services to corporations and market activities. Across its 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 NV), to specialised activities such as, but not exclusively, payments services, dealing room activities (money and debt market activities), brokerage and corporate finance, foreign trade finance, international cash management, leasing etc.

As set out in the section "*The EU Plan of KBC Group*" above, the KBC Bank Group is refocusing its business on its core bank-insurance activities in Belgium and a number of countries in Central and Eastern Europe (i.e. the home markets of Czech Republic, Slovakia, Hungary and Bulgaria). Therefore, a number of subsidiaries and activities, many of which related to investment banking activities, have been downscaled or sold. International corporate lending outside the home markets has also been downscaled.

[4] This subsidiary is to be divested in accordance with the EU Plan.

The progress of the execution of the divestment plan is commented upon in the 2012 Annual Report and subsequent press releases of KBC Bank or KBC Group and (in an abbreviated form) further on in this section.

Since 2010, a large number of divestment transactions were carried out by KBC Group, 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 NV), Centea, Fidea (subsidiary of KBC Insurance NV), KBL European Private Bankers (sister company of KBC Bank), KBC Concord Asset Management, KBC Goldstate, the activities of KBC Securities in Serbia and Romania, Warta (subsidiary of KBC Insurance NV), Zagiel, KBC Private Equity portfolio, KBC Autolease Polska and KBC Lease Deutschland. In February 2012, KBC Group 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 divest KBC's shareholding in the merged bank; the sale of this shareholding in the merged bank was finalised in March 2013. In December 2012, sale agreements for both Absolut Bank (Russia – finalised in May 2013) and the minority share in NLB (Slovenia – finalised in March 2013) were signed. In April 2013, a divestment agreement was signed for KBC Banka in Serbia (subsidiary of KBC Insurance NV, transaction not yet closed) and for part of KBC Securities' activities in Poland. In May 2013, an agreement on the sale of Warta's pension fund business was reached (not yet finalised). In addition, the credit portfolio outside the home markets has been decreased. The main still remaining divestment projects are KBC Bank Deutschland and Antwerpse Diamantbank.

9 Principal markets and activities

Activities in Belgium

Market position of the bank network in Belgium, end 2012*[5]	
Market share (own KBC Bank estimates)	Credits 23% Deposits 17% Investment funds 35%
Bank branches	833

The KBC Bank Group considers itself to be an integrated banc-insurer. 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 KBC Bank Group's aim to continue to actively encourage the cross-selling of bank and insurance products. The success of KBC Group's banc-insurance model is in part due to the co-operation that exists between the bank branches of KBC Bank/CBC Banque and the insurance agents of KBC Insurance/CBC Assurances, 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.

End of 2012, the KBC Bank Group had (see table), based on its own estimates, a 17% share of the Belgian deposit market and a 23% share of the lending market. Over the past few years, KBC Bank has built up a strong position in investment funds too, and leads according to its own estimates the Belgian market with an estimated share of some 35%.

As set out in the EU 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 have to be sold.

[5] KBC Bank Group has a network of over 800 bank 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 branches focus on providing clients in Belgium with a broad area of credit (including mortgage loans), deposit, investment fund and other asset management products, insurance products (in co-operation with KBC Bank's sister company, KBC Insurance NV) and other specialised financial banking products and services. KBC Bank's bricks-and-mortar networks in Belgium are supplemented by electronic channels, such as ATMs, telephones and the Internet (including a mobile banking app). KBC Bank and CBC Banque serve, based on their own estimates, approximately 3.2 million clients.

For Belgium, the divestments of Centea and Fidea - the latter a subsidiary of KBC Insurance - have already been finalised. Antwerpse Diamantbank (which is also present in other countries) still needs to be divested.

Activities in Central and Eastern Europe

Market position of the bank network in the home countries of Central and Eastern Europe, end 2012		**Czech Republic**	**Slovakia**	**Hungary**	**Bulgaria**
Market share	Banking products*	20%	10%	8%	2%
(own KBC Bank estimates)	Mutual funds	30%	8%	20%	-
Bank branches	Total	322**	132	236	109

** Average of the share in credits and the share in deposits*

*** CSOB Bank+ Postal Saving Bank branches.*

In the Central and Eastern European region, the KBC Bank Group focuses on 4 home countries, being the Czech Republic, Hungary, Slovakia and Bulgaria. The main KBC Bank Group Central- and Eastern European entities in those home markets are CIBANK (in Bulgaria), ČSOB (in Slovakia), ČSOB and CSOB Pojist'ovna (both in the Czech Republic), and K&H Bank and K&H Insurance (both in Hungary). Absolut Bank (in Russia), Nova Ljubljanska banka (NLB, in Slovenia; minority share) and Kredyt Bank and Warta (both in Poland) have been divested (see further pg. 284 above).

In its four home countries, KBC Bank Group caters to an estimated 4.7 million customers. This customer base, along with KBC Group's insurance customers in the region (via KBC Insurance NV subsidiaries), make KBC Group one of the larger financial groups in the Central & Eastern European region. The KBC Bank Group companies focus on providing clients with a broad area of credit (including mortgage loans), deposit, investment fund and other asset management products, insurance products (in co-operation with KBC Insurance's subsidiaries in each country) and other specialised financial banking products and services. Just as in Belgium, the bricks-and-mortar networks in Central and Eastern Europe are supplemented by electronic channels, such as ATMs, telephone and the Internet.

KBC Group's banc-insurance concept has over the past few years been exported to its Central and Eastern European entities. In order to be able to do so, KBC Group has built up a second home market in Central and Eastern Europe in insurance (via KBC Insurance). KBC Group 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. Contrary to the situation of KBC Bank in Belgium, the KBC 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.

The KBC Bank Group's estimated market share (the average of the share of the lending market and the deposit market, see table) came to 20 per cent. in the Czech Republic, 10 per cent. in Slovakia, 8 per cent. in Hungary, and 2 per cent. in Bulgaria (rounded figures). KBC Bank Group also has a strong position in the investment fund market in Central and Eastern Europe (estimated at 30 per cent. in the Czech Republic, 8 per cent. in Slovakia, and 20 per cent. in Hungary). The estimated market shares in insurance of KBC Insurance's subsidiaries are (figures for life and non-life insurance, respectively): Czech Republic: 8 per cent. and 6 per cent., Slovakia 5 per cent. and 3 per cent., Hungary 3 per cent. and 4 per cent. and Bulgaria 13 per cent and 11 per cent.

The most important entities in Central and Eastern Europe that had to be divested, in line with the EU plan, are Absolut Bank (Russia), KBC Banka (Serbia, subsidiary of KBC Insurance NV); (the minority share in) Nova Ljubljanska banka (Slovenia), Kredyt Bank (Poland) and Warta (subsidiary of KBC Insurance NV). Warta in Poland was sold mid-2012. Also in Poland, KBC has 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 divest KBC's shareholding in the merged bank; the divestment of this remaining shareholding was finalised in March 2013. Moreover, also Zagiel (Poland), KBC

Securities Baltic Investment Company (Latvia) KBC Autolease Polska (Poland), and the Serbian and Romanian activities of KBC Securities have also been sold. In December 2012, sale agreements for both Absolut Bank (Russia; finalised in May 2013) and the minority share in NLB (Slovenia; finalised in March 2013) were signed. In April 2013 a divestment agreement for KBC Banka in Servia (subsidiary of KBC Insurance NV – deal not yet finalised) and for part of KBC Securities' activities in Poland (not yet finalised) were also signed. In May 2013, an agreement on the sale of Warta's pension fund business was reached (not yet finalised).

Note that KBC Bank's 2012 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 The credit cost ratio amounted to 438 basis points in 2011, but came down again to 78 basis points in 2012 (and 82 basis points in the first quarter of 2013).

Activities in the rest of the world

The foreign branches of KBC Bank NV are located mainly in Western Europe, Southeast Asia and the U.S. and focus on serving customers that already do business with KBC Bank NV's Belgian or Central and Eastern European network. In the past years, many of the other (niche) activities of these branches have been built down, stopped or sold, and the pure international credit portfolio has been scaled down.

A number of subsidiaries of KBC Bank are also active in countries outside the home markets. These include, among others, KBC Bank Deutschland (which is to be divested) and KBC Bank Ireland. The latter is an Irish bank that provides financial services to SMEs and corporate customers, and also has a sizeable share of its home loan market. KBC Bank's annual report provides details on the portfolio of this Irish subsidiary. In 2012, KBC Bank set aside approximately 0.5 billion euros in additional loan loss provisions for this Irish loan book and as at end 2012, approximately 23 per cent. of the Irish loan book was classified as non-performing (at the end of March 2013, approximately 24 per cent. was classified as non-performing).

KBC Bank also provides specialised corporate services via subsidiaries that specialise in the area of real estate services, leasing, finance for the diamond trade, etcetera, many of which have activities outside KBC's home markets. In the EU Plan, a large number of these activities are considered non-core and are marked for divestment. Since 2010, inter alia following subsidiaries were divested: KBC Peel Hunt (UK), various activities of KBC Financial Products (various countries), the British and Irish activities of KBC Asset Management, KBC Business Capital (UK), KBC Concord Asset Management (Taiwan), KBC Goldstate (China), KBC Lease Deutschland (Germany) etc. KBC Bank Deutschland still needs to be divested.

10 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, investment companies etc.

In both Belgium and Central and Eastern Europe, KBC Bank Group has an extensive network of branches and the KBC Group believes most of the companies have a strong name brand recognition in their respective markets.

In Belgium, KBC Bank Group is perceived as belonging to the top three financial institutions. For certain products or activities, KBC Bank Group estimates it has a leading position (e.g. in the area of investment funds). 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 its Central and Eastern European home markets, KBC Bank Group is one of the important financial groups, occupying significant positions in banking. In this respect, 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 international financial groups.

11 Staff

In 2012, KBC Bank Group had, on average on a consolidated basis, about 32,000 employees (full-time or equivalent), the majority of whom were located in Belgium (largely in 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, KBC Bank Group also works closely in other areas with employee associations. There are various collective labour agreements in force.

12 Risk management

Risk management in KBC Group is effected group-wide. As a consequence, the risk management for KBC Bank is embedded in KBC Group risk management and cannot be seen separately from it.

A description of risk management is available in the 2012 risk report, available on www.kbc.com6.

Risk governance

Mainly active in banking and asset management, KBC Bank 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 and liquidity risk), operational risk, exposure to emerging markets, changes in regulations and 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 under the Strategic Plan may have a negative impact on asset values or generate additional charges beyond anticipated levels.

Below follows a description of credit risk, market risk (trading & non-trading activities) liquidity risk and operational risk. A selection of figures on credit risk, asset and liability management ("Asset and Liability Management" or "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 trading activities is defined as the potential negative deviation from the expected economic value of a financial instrument caused by fluctuations in market prices, e.g. interest rates, exchange rates, or 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, currency and equity risks of the non-trading positions in the banking book are all included in ALM exposure.

- Market risk in non-trading activities (also known as Asset and 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.

- 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.

KBC Group's risk governance framework defines the responsibilities and tasks required to manage value creation and the associated risks. During 2010, KBC Group's risk management framework underwent significant changes with regard to governance and structure. The goal of these changes was to further improve KBC 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.

[6] https://multimediafiles.kbcgroup.eu/ng/published/KBCCOM/PDF/COM_FY2012_Risk_Report.pdf?

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:

As far as the banking activities are concerned, the main source of credit risk is the loan and 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 KBC Group's bank entities. The table below 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.

Loan & investment portfolio of KBC Bank Group*

	31 December 2011	31 December 2012
Total loan portfolio (in billions of EUR)		
Amount granted	186	167
Amount outstanding	156	141
Loan & investment portfolio breakdown by business unit (as a per cent., of the portfolio of credit granted)		
Belgium	34 per cent.	39 per cent.
CEE	19 per cent.	22 per cent.
Merchant banking	37 per cent.	37 per cent.
Group Centre (includes planned divestments)	10 per cent.	1 per cent.
Total	100 per cent.	100 per cent.
Loan & investment portfolio breakdown by sector (selected sectors as a per cent. of the portfolio of credit granted)		
Real estate	7 per cent.	7 per cent.
Electricity	2.3 per cent.	2.1 per cent.
Aviation	0.3 per cent.	0.2 per cent.
Automobile industry	2.1 per cent.	2.2 per cent.
Impaired loans (in millions of EUR or per cent.)		
Amount outstanding	11,205	10,757
Specific loan impairments	4,850	4,614
Portfolio-based loan impairments	341	244
Credit cost ratio, per business unit		
Belgium	0.10 per cent.	0.11 per cent.
CEE	1.59 per cent.	0.40 per cent.
Merchant Banking	1.36 per cent.	1.42 per cent.
Group Centre (includes planned divestments)	0.36 per cent.	1.44 per cent.
Total	0.83 per cent.	0.70 per cent.
Non-performing (NP) loans (in millions of EUR or per cent.)		
Amount outstanding	7,553	7,397
Specific loan impairments for NP loans	3,864	3,626
Non-performing ratio, per business unit		
Belgium	1.5 per cent.	1.6 per cent.
CEE	5.6 per cent.	5.2 per cent.
Merchant Banking	7.8 per cent.	9.8 per cent.
Group Centre (includes planned divestments)	5.5 per cent.	6.1 per cent.
Total	4.9 per cent.	5.3 per cent.
Cover ratio		
Specific loan impairments for NP loans/Outstanding NP loans	51 per cent.	49 per cent.
Idem, excluding mortgage loans	63 per cent.	63 per cent.
Specific and portfolio-based loan impairments for performing and NP loans/outstanding NP	69 per cent.	66 per cent.

loans.....		
Idem, excluding mortgage loans	89 per cent.	91 per cent.

** Also at 31 March 2011 including Centea*

The normal loan portfolio is split into internal rating classes ranging from 1 (lowest risk) to 9 (highest risk) for the probability of default ("PD"). An impaired loan is assigned an internal rating ranging from PD 10 to PD 12. PD class 12 is assigned when either one of the obligor's credit facilities is terminated by the bank, or when a court order is passed instructing repossession of the collateral. Class 11 groups obligors that are more than 90 days past due (in arrears or overdrawn), but that do not meet PD 12 criteria. PD class 10 is assigned to obligors for which there is reason to believe that they are unlikely to pay (on time), yet are still performing and do not meet the criteria for classification as PD 11 or PD 12. In respect of these impaired loans (PD 10 to PD 12), 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).

The non-performing ratio is defined as the amount outstanding of non-performing loans (PD 11 and PD 12) divided by the total outstanding loan portfolio. The credit cost ratio is defined as net changes in specific and portfolio-based impairment for credit risks divided by the average outstanding loan portfolio.

Other credit risks:

As mentioned above, the loan portfolio clearly constitutes the main source of credit risk for the KBC Bank Group. 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 2012 annual report of KBC Bank.

Structured credit exposure:

In relation to so-called structured credit products, more information is available in the 2012 annual report of KBC Bank.

Structured credit exposure (CDOs and other ABS), 31 December 2012

In the past, KBC Group acted as an originator of structured credit transactions and also invested in such structured credit products itself.

KBC Group (via its subsidiary KBC Financial Products) acted as an originator when structuring CDO (collateralized debt obligation) deals (based on third-party assets with no sponsoring role for KBC 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).

KBC Group invested in structured credit products, both in CDOs (notes and super senior tranches), largely those originated by the KBC 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 – 31 December 2012

KBC Group's investments in structured credit products (CDOs and other ABS)*	
Total nominal amount	17.1
o/w hedged CDO exposure	10.1
o/w unhedged CDO exposure	5.4
o/w other ABS exposure	1.6
Cumulative value markdowns*	-4.1
o/w value markdowns	-3.6
for unhedged CDO exposure	-3.4
for other ABS exposure	-0.1
o/w Credit Value Adjustment (CVA) on MBIA cover	-0.5

** Note that, value adjustments to KBC Group's CDOs are accounted for via profit and loss (instead of directly via shareholders' equity), since the KBC 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 Group's CDOs are not eligible for accounting reclassification under IFRS in order to neutralise their impact.

In 2011, there was a total notional reduction in KBC Group's investments in structured credit products of 6.8 billion euros, due mainly to the:

(a) Chiswell CDO reaching maturity (-1.4 billion euros of hedged CDO exposure and -0.2 billion euros of unhedged exposure).

(b) Sale of the Avebury CDO (-0.5 billion euros of unhedged CDO exposure).

(c) Lancaster CDO being unwound (-0.4 billion euros of hedged CDO exposure covered by Channel, and -0.1 billion euros of unhedged exposure).

(d) Early termination of the Fulham Road CDO (-1.7 billion euros of hedged exposure and -0.3 billion euros of unhedged exposure).

(e) Sale of KBC's exposure to the Wadsworth CDO (-0.5 billion euros of hedged exposure).

(f) Sale of the underlying ABS assets for the expired Aldersgate and Chiswell CDOs (-0.3 billion euros).

(g) 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 in KBC Group's investments in structured credit products 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 amortisations of ABSs held by KBC Group.

Over the second quarter of 2012, there was a total notional reduction of 0.3 billion euros. The reduction of 0.3 billion EUR is attributable to sales and repayments (on other ABS exposures).

Over the third quarter of 2012, there was a total notional reduction of 0.6 billion euros. This reduction was mainly observed at the level of the 'other ABS exposure' (0.5 billion euros) mainly due to the finalisation of the sale of KBL and for a lesser extent due to sales and repayments.

Over the fourth quarter of 2012, there was a total notional reduction in our CDO and ABS exposure of 0.3 billion euros bringing the total notional reduction over 2012 to 3.3 billion euros.

Since the inception, the outstanding unhedged CDO positions held by KBC Group experienced net effective losses caused by claimed credit events until 7 January 2013 in the lower tranches of the CDO structure for a total amount of -2.2 billion euros. Of these, -2.1 billion euro's worth of events have been settled. These have had no further impact on P/L (profit and loss) because complete value markdowns for these CDO tranches were already absorbed in P/L in the past.

Asset and 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 2011 annual report of KBC Bank.

BPV of the ALM-book of KBC Bank Group (in millions of EUR)

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	-52
Average, 2Q 2012	-49
Average, 3Q 2012	-49
Average, 4Q 2012	-47
End of period`	-39
Maximum in period	-57

Minimum in period	-39

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 and Asia, though the dealing room in Brussels accounts for the majority of the limits and risks.

KBC Group 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]	KBC Financial Products[2]
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
Average, 2Q 2012	11	1
Average, 3Q 2012	10	1
Average, 4Q 2012	10	0.5
End of period	*12*	*0.5*
Maximum in period	*12*	*1*
Minimum in period	*8*	*0.3*

1. Excluding 'specific interest rate risk' (measured using other techniques) and swap basis risk.

2. 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
Average, 2Q 2012	47	4
Average, 3Q 2012	37	3
Average, 4Q 2012	35	3
End of period	*29*	*3*
Maximum in period	*42*	*3*
Minimum in period	*27*	*2*

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 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 1 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 22 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 14 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 14 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 either in the direct or indirect ownership of a qualified holding of the capital or voting rights (i.e. 10 per cent. or more), or in an increase of such qualified holding thereby attaining or surpassing 20 per cent., 30 per cent. or 50 per cent., 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 solvency, 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 organisation, 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 organisation, 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 an internal governance group 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 was approved by the Board of Directors of KBC Bank and KBC Group and submitted for approval to the CBFA in 2008. An update to the Governance Memorandum was approved by the Board of Directors of KBC Group and also submitted for approval to the CBFA in 2010. A third update is currently underway and will subsequently be 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 15 November 2011 (the "Regulation 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 Regulation 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 Regulation 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 Regulation 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 26 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 11 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 6).

Consolidated supervision

KBC Bank is subject to consolidated supervision on the basis of the consolidated financial situation of the KBC 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 3 August 2012 ("Act of 3 August 2012"). The Act of 3 August 2012 implements European Directive 2001/107/EC of 21 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 3 August 2012 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.

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 in 2008 and 2009 EUR 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 would 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 Flemish Region of Belgium

Since the end of 2008, KBC Group has issued EUR 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 (EUR 3.5 billion each). The transaction with the Belgian State was concluded in December 2008 and the transaction with the Flemish Region was closed in July 2009. KBC Group has used the proceeds of these transactions to strengthen the core capital of KBC Group's banking activities by in total EUR 5.5 billion via ordinary capital increases in KBC Bank NV and to increase the solvency margin of KBC Group's insurance activities by EUR 1.5 billion (via ordinary capital increases in KBC Insurance NV). The other features of these transactions are described in the 2012 Annual Report of KBC Group.

In 2012, KBC Group repaid EUR 3.5 billion (plus a 15% penalty) to the Belgian State (EUR 0.5 billion in the beginning of the year, EUR 3.0 billion at the end). On 3 July 2013, KBC Group repaid EUR 1.17 billion of state aid to the Flemish Regional Government, plus the 50% premium. KBC Group is also planning to repay the remaining outstanding balance of EUR 2.33 billion issued to the Flemish Regional government in seven equal instalments of EUR 0.33 billion (plus premium) over the 2014-2020 period. KBC Group benefits however of the option to further accelerate these repayments.

The Guarantee Agreement relating to (originally) EUR 20 billion of CDO and MBIA-related risk

In May 2009, KBC Group 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 an original notional amount of €20 billion (EUR 10.5 billion at 31 March 2013), comprising a notional amount of EUR 5.5 billion of super senior CDO investments and EUR 14.4 billion of counterparty risk on MBIA. Against payment of a fee, a guarantee from the Belgian State was bought covering 90 per cent. of the default risk beyond a set first loss. The original figures have changed in the meanwhile (due to a decrease in CDO-exposure); this is reflected in the structure of the guarantee transaction as set out below ('currently' meaning as at the end of March 2013). Note that the CDO portfolio consists of several CDOs; the guarantee structure applies to each CDO; the mentioned figures refer to the aggregate notional amount at risk of all CDOs to which the guarantee relates:

- First Tranche of originally EUR 3.2 billion (currently EUR 1.6 billion): credit losses to be borne by KBC Group.
- Second Tranche of originally EUR 2 billion (currently EUR 1.3 billion): credit losses to be borne by KBC Group. KBC 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 EUR 14.8 billion (currently EUR 7.7 billion): credit losses of 90 per cent. to be compensated for by the Belgian 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.

On 20 December 2012, the KBC Group and the Belgian Federal Government reached an agreement on a review of the CDO guarantee agreement. Additional clauses have been added to the revised agreement which grant KBC Group a conditional discount on the outstanding premiums (under certain strict conditions and limited to a pre-determined maximum amount). In other words, the government has included an incentive for the KBC Group if it succeeds in significantly reducing its government exposure. Any future impact on its results will depend on market conditions and opportunities that arise going forward.

14 Material contracts

Except as stated below, KBC Bank has not entered into any material contracts outside the ordinary course of its business which could result in any member of KBC Bank Group being under an obligation or entitlement that is material to KBC Bank's ability to meet its obligations to Noteholders.

KBC Group has concluded certain transactions 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 Group's structured credit exposure. As summarised in paragraph 13 above ("*Capital transactions and guarantee agreements with the government in 2008 and 2009*").

15 Recent events

Information about recent events in relation to the Guarantor can be found in the following sections: "2. The EU Plan of KBC Group", "3. The strategic plan of KBC Group beyond 2013", "4. Management structure", "5. Short presentation of KBC Bank Group", "8. General description of activities of KBC Bank Group", "9. Principal markets and activities", "12. Risk management", "13. Banking supervision and regulation" and "20. Litigation".

Detailed information is set out in KBC Group's and KBC Bank'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 prospectus unless otherwise specified in the "Documents Incorporated By Reference" section.

16 Trend Information

KBC Bank Group's results of operation are affected by a variety of factors and market conditions, including economic cycles, fluctuations in stock markets, interest rates and exchange rates, as well as increased competition.

Nevertheless, after a weak fourth quarter for the European economy in 2012, the general outlook for economic trend has improved. Although the political risks are still high, especially in the south of the European Monetary Union ("EMU"), the financial and economic risks declined. This is due in part to the circumvention of the fiscal abyss ("Fiscal cliff") in the U.S., the continued positive impact of the Outright Monetary Transactions (bond purchase) program of the European Central Bank in the government bond market and the gradual stabilisation of the financial sector in Southern Europe. The EU/IMF programme for Cyprus again proved the willingness of the EMU countries to show solidarity with crisis countries, albeit under strong conditionality and assurances of long-term financial and sovereign sustainability. The gradual stabilisation process in the banking sector will be further supported by the creation of a banking union in the EMU, with a single supervisor as from July 2014, and eventually a single resolution mechanism and single deposit guarantee scheme, which will further reduce the risks of Cyprus-like 'financial accidents'. Over the last months, the global manufacturing and services recovery is gaining strength, what is most reflected in the confidence indicators in the U.S., China and Germany. Since the structural reforms in Southern Europe will gradually bear fruit and the political approach with respect to growth restrictive savings measures has become more pragmatic, it is likely that Southern Europe will follow gradually the global growth recovery before the end of 2013. The economic confidence indicators in KBC Group's home markets (Belgium, Czech Republic, Slovakia, Hungary, Bulgaria) also start to bottom out gradually, which seem to indicate that the economic trend in these countries will gradually improve.

17 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 KBC Bank, with exception of those powers of which, pursuant to the law and the Articles of Association, solely another body is empowered to perform.

The corporate objects of KBC Bank are set out in Article 2 of its Articles of Association. They include the execution of all banking operations in the widest sense, as well as the exercise of all other activities which banks are or shall be permitted to pursue and all acts that contribute directly or indirectly thereto.

KBC Bank complies with the laws and regulations of Belgium regarding corporate governance, to the extent these laws and regulations apply to KBC Bank.

Pursuant to Article 26 of the Act of 22 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 Member of Supervisory Board Bank Metzler seel. Sohn & Co Chairman of the Board of Directors of Corelio NV Director of De Vijver NV Executive Director of Mediacore NV Executive Director of Tradicor NV Executive Director of Booischot NV Chairman of the Board of Directors of KBC Verzekeringen NV Member of the Board of Directors of KBC Groep NV Member of the Board of Directors of KBC Securities NV
DE RAYMAEKER Danny KBC Bank NV Havenlaan 2 1080 Brussel	Executive Director	2016	Member of the Executive Committee of KBC Groep NV Executive Director of KBC Verzekeringen NV Member of the Supervisory Board of Valuesource NV Member of the Board of Directors of KBC Global Services NV Chairman of the Board of Directors of KBC Bank Ireland Plc Chairman of the Board of Directors of IIB Finance Ireland Chairman of the Supervisory Board of K&H Biztosito Chairman of the Supervisory Board of CSOB SR Chairman of the Board of Directors of K&H Bank Zrt Chairman of the Supervisory Board of CIBANK EAD Deputy Chairman of the Board of Directors of Antwerpse Diamantbank NV

Name and business address	Position	Expiry date of current term of office	External offices
GIJSENS Lucien KBC Bank NV Havenlaan 2 1080 Brussel	Executive Director	2015	Chairman of the Board of Directors of Old Broad Street Invest NV 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 of KBC Investments Limited Non-executive Director of KBC Financial Holding Inc. 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 Alternative Investment Management Limited Non-executive Director of KBC Global Services NV Non-executive Director of Gemma Frisius-Fonds K.U. Leuven NV Chairman of the Board of Directors of KBC Asset Management SA Chairman of the Board of Directors of KBC Fund Management Limited Non-executive director of KBC Asset Management NV Chairman of the Board of Directors of Antwerpse Diamantbank NV
HOLLOWS John KBC Bank NV Havenlaan 2 1080 Brussel	Executive Director	2017	Executive Director of KBC Verzekeringen NV Executive Director of KBC Groep NV
POPELIER Luc KBC Bank NV Havenlaan 2 1080 Brussel	Executive Director	2017	Executive Director of KBC Verzekeringen NV Executive Director of KBC Groep NV Executive Director of KBC Global Services NV Non-executive Director of KBC Financial Products UK Limited Non-executive Director of KBC Credit Investments NV
THIJS Johan KBC Bank NV Havenlaan 2 1080 Brussel	Executive Director	2017	Non-executive Director of CBC BANQUE SA Non-executive Director of Group VAB NV Executive Director of KBC Verzekeringen NV Non-executive Director Febelfin Non-executive Director of FBD Holding Plc Non-executive Director of BVB Non-executive Director of VOKA Non-executive Director of Assuralia Executive Director of KBC Groep NV Chairman of the Board of Directors of KBC Global Services NV
VOLJC Marko	Executive Director	2014	Non-executive Director of K&H Bank Zrt

Name and business address	Position	Expiry date of current term of office	External offices
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) Non-executive Director of the Board of Directors 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 DZI HEALTH INSURANCE AD Non-executive Director of DZI - GENERAL INSURANCE JSC Non-executive Director of the Supervisory Board of DZI Life Insurance Jsc
DE WILDE Julien Jabekestraat 49 9230 Wetteren	Independent Director	2014	Non-executive Director of Arseus Non-executive Director of Nyrstar NV Non-executive Director of Telenet Group Holding NV
DEPICKERE Franky Cera Philipssite 5/10 3001 Leuven	Non-executive Director	2015	Executive Director of Almancora Beheersmaatschappij NV 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 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 Cera Philipssite 5 B 10 3001 Leuven	Non-executive Director	2014	Executive Director of Cera CVBA Non-executive Director of KBC Verzekeringen NV Non-executive Director of KBC Groep NV Executive Director of Almancora Beheersmaatschappij NV Executive Director of Cera Beheersmaatschappij NV Non-executive Director of Precura Verzekeringen NV
VANTHEMSCHE Pieter MRBB Diestsevest 40 3000 Leuven	Non-executive Director	2015	Non-executive Director of Gimv-Agri+ Investment Fund Non-executive Director of KBC Groep NV

Name and business address	Position	Expiry date of current term of office	External offices
			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 Non-executive Director of KBC Verzekeringen NV
WITTEMANS Marc MRBB cvba Diestsevest 40 3000 Leuven	Non-executive Director	2014	Non-executive Director of KBC Groep NV 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 Non-executive Director of M.R.B.B. cvba – Maatschappij voor Roerend Bezit van de Boerenbond Non-executive Director of SBB Bedrijfsdiensten cvba Non-executive Director of Agri Investment Fund cvba Non-executive Director of Covalis NV Non-executive Director of KBC Verzekeringen NV Non-executive Director of Arda Immo NV
BOSTOEN Alain Coupure 126 9000 Gent Belgium	Non-executive Director	2016	Executive Director of Quatorze Juillet BVBA Delegate Director of AGROBOS NV Non-executive Director of KBC Group NV Member of the Board of Directors of KBC Verzekeringen NV Executive Director of Christeyns NV Executive Director of ALGIMO NV Executive Director of Alcal SAS
TYTGADT Alain Prinses Josephinelaan 78300 Knokke-Heist Belgium	Non-executive Director	2016	Non-executive Director of KBC Group NV Executive Director 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 Bovenbosstraat 78 3053 Haasrode Belgium	Executive Director	2016	Non-executive Director of CBC BANQUE SA Executive Director of KBC Verzekeringen NV Member of the Executive Committee of KBC Group NV Non-executive Director of Febelfin

Name and business address	Position	Expiry date of current term of office	External offices
			Non-executive Director of KBC Global Services NV Non-executive Director of UWE asbl Member of the Board of Directors of BVB
DONCK Frank Floridalaan 62 1180 Ukkel Belgium	Non-executive Director	2016	Executive Director of 3D Private Equity NV Non-executive Director of Telenet Group Holding NV Non-executive Director of Telenet NV Non-executive Director of Iberanfra BVBA Executive Director of Ibervest NV Non-executive Director of Ter Wyndt NV 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 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 Pinguin NV Non-executive Director of Winge Golf NV Non-executive Director of KBC Verzekeringen NV Chairman of the Board of Directors of Atenor Group SA Chairman of the Board of Directors of Telenet Vlaanderen NV Chairman of the Board of Directors of Plastiflex Group NV
MORLION Lode Weststraat 18 8647 Lo-Reninge Belgium	Non-executive Director	2016	Executive Director of M&D Invest NV Chairman of the Board of Directors of Cera Beheersmaatschappij NV Non-executive Director of Woonmaatschappij Ijzer en Zee CVBA Non-executive Director of KBC Verzekeringen NV Non-executive Director of KBC Group NV
VLERICK Philippe Ronsevaalstraat 2 8510 Bellegem Belgium	Member of the Board of Directors	2016	Deputy Chairman of the Board of Directors of KBC Groep NV Chairman of the Board of Directors of Indus Kamdhenu Fund 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. Non-executive Director of B.M.T. NV Non-executive Director of ETEX GROUP SA Non-executive Director of IVC NV Chairman of the Board of Directors of BATIBIC NV

Name and business address	Position	Expiry date of current term of office	External offices
			Chairman of the Board of Directors of Vobis Finance NV Non-executive Director of HAMON & CIE (INTERNATIONAL) SA Chairman of the Board of Directors of UCO NV Non-executive Director of KBC Verzekeringen NV Deputy Chairman of the Board of Directors of Durabilis NV Chairman of the Board of Directors of Point NV Executive Director of CECAN Invest NV Chairman of the Board of Directors of TESSA LIM NV Chairman of the Board of Directors of Midelco NV Deputy Chairman of the Board of Directors of Spector Photo Group NV Non-executive Director of BESIX Group NV Non-executive Director of EXMAR NV Chairman of the Board of Directors of VIT NV Chairman of the Board of Directors of Belgian International Carpet C° NV Non-executive Director 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 Executive Director of CECAN NV
ROUSSIS Theo Poederstraat 51 2370 Belgium	Non-executive director	2016	Non-executive Director of Ravago Holding America, Inc. Non-executive Director of Plastomark (Proprietary) Ltd. Non-executive Director of Polymed Global Group Ltd. Executive Director Ravago Holdings NV Non-executive Director of KBC Verzekeringen NV Non-executive Director of KBC Groep NV
VAN DEN BRINCK Dolf Gijsbert Carel Raboes 19 1251 AK Laren Nederland	Non-executive director	2016	Non-executive Director of Akzo Nobel Non-executive Director of Legal & General Nederland Levensverzekering Maatschappij NV Non-executive Director of Center Parcs Europe NV Non-executive Director of Elsevier Reed Finance B.V. Non-executive Director of Nederlandse Waterschapsbank NV Non-executive Director of De Heus Veevoeders B.V.
VAN KERCKHOVE Ghislaine Wegvoeringstraat 62 9230 Wetteren	Non-executive director	2016	Non-executive Director of Almancora Beheersmaatschappij NV Non-executive Director of Cera Beheersmaatschappij NV Non-executive Director of KBC Groep NV Non-executive Director of KBC Verzekeringen NV
KAVANEK Pavel	Executive director	2016	Executive Director of CESKA BANKOVNI ASOCIACE Non-executive Director of foundation Dagmar a

Name and business address	Position	Expiry date of current term of office	External offices
			vaclava havlovych vize 97 Executive Director of Československá Obchodní Banka a.s.(CR) Executive Director of KBC Verzekeringen NV Member of the Executive Committee of KBC Group NV

18 Members of Audit Committee

The members of the Audit Committee of KBC Bank are:

- Julien De Wilde
- Franky Depickere
- Frank Donck
- Marc Wittemans

The Audit, Risk and Compliance Committee (the "ARC Committee") was set up by the Board of Directors and has an advisory role. The role and remit of this Committee is defined by the Board of Directors and set out in its own Regulation. On behalf of the Board, the ARC Committee supervises the integrity and effectiveness of the internal control measures and the risk management in place, paying special attention to correct financial reporting. The ARC Committee also follows the procedures set up by KBC Bank to comply with Belgian law and other regulations. To be able to achieve this, the ARC Committee has unrestricted access to all information and may start up special investigations in all the areas for which it has responsibility. The ARC Committee evaluates its composition and operations once a year.

19 Statutory auditors

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 have been audited in accordance with Belgian GAAS for the year ending 31 December 2011 and in accordance with ISA for the year ending 31 December 2012 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 by reference in the form and context in which they are included or incorporated by reference, with the consent of the auditors who have authorised the contents of that part of this Base Prospectus.

20 Litigation

This section concerns material litigation to which KBC Bank NV or any of its companies (or certain individuals in their capacity as current or former employees or officers of KBC Bank NV or any of its companies) are party. It describes all claims, quantified or not, that could lead to the impairment of the company's reputation or to a sanction by an external regulator or governmental authority, or that could present a risk of criminal prosecution for the company, the members of the board or the management.

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.

Judicial inquiries and criminal proceedings

(i) From late 1995 until early 1997, Kredietbank NV, the predecessor of KBC Bank NV ("**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 KB 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, KB and KB Consult discovered that certain purchasers of these cash companies failed to reinvest such companies' cash in qualifying assets and to file tax returns for the cash companies they purchased in order to thereby defer the taxes owed by such companies. KB and KB Consult immediately took the necessary measures to preclude 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 lawsuit the court ruled that KB Consult was summoned as third party without cause and therefore the claim was dismissed. In another lawsuit the claim of the Belgian State was dismissed and the judgment is definite. Subsequently the provision for these cases was offset in the accounts. KB Consult was placed under suspicion by an investigating magistrate in December 2004. A provision of EUR 30 million (status as at 31 March 2013) has been constituted to cover the potential impact of any liability with respect to these actions. The provision in these files was brought down to the claimed amount plus interest minus 30 per cent. This reduction is justified.

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 25 February 2009. The charges against the aforesaid KBC entities only relate to the use of false documents. The trial was postponed several times. On 9 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. There is still no hearing date set.

(ii) In 2003, an important case of fraud perpetrated by an employee, Atilla Kulcsár, involving about EUR 140.6 million, came to light at K&H Equities in Hungary. Orders and portfolio statements of the clients were forged. Many clients suffered substantial losses in their portfolio as a result of unauthorised speculation and the misappropriation of funds. On 28 August 2008 a Budapest court sentenced Atilla Kulcsár to eight years imprisonment and a fine of 230 million forints. The court acquitted Tibor E. Rejto, former CEO of K&H Bank, who had also been charged with embezzlement as an accomplice. Other persons involved were sentenced to severe punishments.

The Public Prosecutor and all the persons who had been found guilty filed an appeal before the Court of Appeal. On May 27, 2010, the Court of Appeal annulled the first instance court verdict and ordered a complete retrial. The new trial before the first instance court started on 1 December 2010 and is on-going.

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. Among these pending claims, DBI Kft. (Betonut) is the most important case, involving an initial total claimed amount of HUF 3.7 billion (approximately EUR 12.7 million) plus interest. A judgement in the first instance is to be expected by the end of the year.

Other litigation

(i) In March 2000, the Belgian State, Finance Department, summoned Rebeo (currently Almafin Real Estate Services) and Trustimmo, two former subsidiaries of former Almafin, currently KBC Real Estate, a Belgian subsidiary of KBC Bank, before the civil court in Brussels, together with four former directors of Broeckdal Vastgoedmaatschappij (a real estate company), for not paying approximately EUR 16.7 million in taxes due by Broeckdal Vastgoedmaatschappij. In November 1995, this company had been converted into a cash company and sold to Mubavi België (currently BeZetVe), a subsidiary of Mubavi Nederland (a Dutch real estate investment group). According to the Belgian State, Finance Department, Mubavi België did not make real investments and failed to file proper tax returns. A criminal investigation is pending. However Broeckdal Vastgoedmaatschappij contested the tax claims and in December 2002 commenced a lawsuit before the civil court in Antwerp against the Belgian State, Finance Department.

The civil lawsuit pending in Brussels has been suspended pending a final judgment in the tax lawsuit in Antwerp. An adjusted provision of EUR 29.7 million (at 31 March 2013) has been reserved to cover the potential impact of liability with respect to these actions.

In July 2003, Broeckdal Vastgoedmaatschappij, Mubavi België and Mubavi Nederland summoned KBC Bank, KB Consult, Rebeo and Trustimmo before the commercial court in Brussels in order to indemnify them against all damages the former would suffer if the tax claims were approved by the court in Antwerp. In March 2005, Mubavi Nederland was declared bankrupt by the court of 's-Hertogenbosch in the Netherlands.

In November 2005, KBC Bank, KB Consult, Rebeo and Trustimmo and the four former directors of Broeckdal Vastgoedmaatschappij summoned the auditor of Broeckdal Vastgoedmaatschappij, Deloitte & Touche, before the civil court in Brussels in order to indemnify them for any amount they should be ordered to pay as a result of the aforementioned claims. In November 2008 Mubavi België (currently BeZetVe) was also declared bankrupt by the commercial court in Antwerp.

On November 2, 2010 Broeckdal Vastgoedmaatschappij was declared dissolved by the commercial court in Antwerp and the liquidation of the company was closed by judgment of 13 September 2011 by the same court.

(ii) In March 2008 KBC Group, KBC Bank, KBL and Kredietrust were summoned to appear before the commercial court in Brussels by the British company Beverly Securities Limited. This company has made reference to business relations that KBC / KBL are said to have had with the Republic of South Africa almost 20 years ago, at the time of apartheid and the trade embargo recommended by the UN.

The company is seeking payment of a substantial commission linked to a business transaction totally foreign to KBC and KBL. In the past it has already tried to obtain payment of this commission from third parties through legal proceedings launched in South Africa and France, where on each occasion the case was dismissed. It is now attempting to obtain payment on the pretext of having opened an account with KBL more than 17 years ago.

Even if it is true that during this period KBC and KBL maintained business relations with South Africa, this in no way supports the allegations made in the summons. After a thorough examination carried out on the basis of the documents and archives still available, and having obtained two legal opinions from highly respected law firms, particularly in relation to the embargo, KBC and KBL are reassured of their position and of the fact that they respected all the laws applicable to them at the time.

KBC and KBL consider the complaint to be totally unjustified and they claimed damages from the plaintiff for a frivolous and vexatious action.

A judgment was rendered on 26 March 2010 whereby the court considered the actions inadmissible and granted damages for the defendants.

Beverly Securities Limited lodged an appeal on 2 July 2010. Written arguments have been exchanged. A court date for pleading the case has not yet been determined but it will probably be in January 2014.

(iii) KBC Bank and subsidiaries such as K&H Bank and CSOB SK received numerous complaints about CDO notes issued by KBC Financial Products that were sold to private banking and corporate clients and which have now been downgraded. Such clients have been asking for their notes to be bought back at their original value.

KBC Bank 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.

In Belgium settlements were signed with clients in KBC Bank Private Banking and Retail, which represent 99% of the private banking and retail clients involved. In the only judicial case that is still on-going, the court of first instance of Kortrijk ruled in favour of KBC Bank NV and dismissed the claim on 24 November 2011. Counterparty lodged an appeal on 12 January 2012. Written arguments are being exchanged.

As a result of complaints, some Corporate Banking files were also examined. Subsequently negotiations started in the files where a decision to propose a settlement was taken and in a limited number of files settlements were reached. Only a few lawsuits are on-going. In seven cases the courts

rendered judgments in favour of KBC. In one case, the court decided that the bank and the client were jointly responsible. KBC Bank NV appealed against this decision in June 2013. Six cases are currently pending in degree of appeal.

In one case a criminal complaint was lodged against KBC Bank in France. Three representatives of KBC were interrogated by the Police Judiciaire in Paris. The public prosecutor served a writ of summons before the criminal court in Paris against KBC Bank for the hearing of 3 October 2013. KBC emphasises that it is formally disputing these allegations and will arrange the defence of its rights in these proceedings. KBC will be given the opportunity over the coming months to study the Public Prosecutor's file for the first time since the complaint was lodged and in doing so will establish the exact grounds on which it is being charged.

In Hungary a marketing brochure was used which could be misinterpreted as a guarantee on a secondary market and contained a possibly misleading comparison with state bonds. In more than 94 per cent. of the files, a settlement has been reached. A limited number of clients started a lawsuit. Most of the lawsuits were terminated by a settlement out of court; recently three cases were settled as a result of court verdicts; few clients are still pursuing their claim before the court.

On 10 December 2009, the Hungarian Competition Authority ("HCA") passed a resolution whereby K&H was ordered to pay a fine of HUF 40,000,000 (approximately EUR 150,000) based on the violation of the Hungarian Act on the prohibition of unfair and restrictive market practices in relation to K&H's trade in CDO bonds. The appeal filed by K&H against the HCA resolution was rejected by the Budapest Metropolitan Court. K&H Bank submitted a revision claim before the Supreme Court.

In CSOB SK a similar approach as in Belgium is followed and negotiations are on-going. In all cases of CDO investments with Private Banking and Retail clients, settlements were reached. There will be no settlement and negotiation with four institutional clients. No lawsuit in respect of CDO investments is pending.

(iv) Lazare Kaplan International Inc. ("LKI") is a U.S. based listed diamond company that since 2008 is involved in a serious dispute with its former business partner DD Manufacturing and KT Collection ("Dalevot"), both Antwerp based diamond companies belonging to Mr. Erez Daleyot. They set up a joint venture 'Gulfdiam' in Dubai. LKI alleges that it was swindled out of some USD 140 million by DD Manufacturing and other Daleyot entities. Both companies became entangled in a complex litigation in Belgium, both claiming that the other party is their debtor. The dispute has escalated to the degree that LKI does not only accuse the Daleyot Group of fraud, theft, money laundering etc. but is now also directly involving Antwerpse Diamantbank NV ("ADB"), a subsidiary of KBC Bank, and KBC Bank NV by launching legal claims against ADB in Belgium (Antwerp) and against KBC Bank NV and ADB in New York for huge amounts (USD 500 million). This development was accelerated by the end of 2009 when ADB terminated LKI's credit facilities, in conformity with the contractual provisions and started recovery actions against LKI before the Court in Antwerp.

***The actual status of the proceedings is*:**

Commercial Court of Antwerp: On 16 March 2010 ADB issued summons against LKI in order to recover the monies owed to it under the terminated credit facility (approximately USD 45 million). LKB, the Belgian Affiliate of LKI, recently voluntarily intervened in this proceeding and claimed an amount of USD 350 million from ADB. In turn LKI claimed an amount of USD 500 million (including the USD 350 million of LKB). The case is pending and the day before the hearing scheduled for 22 March 2013, LKI summoned ADB directly before the Criminal Court in Antwerp on 3 May 2013 under accusation of embezzlement and money laundering with the intention to suspend the case before the Commercial Court. KBC is not a party in this litigation. A court hearing was held on 31 May 2013 on whether or not the proceedings before the Commercial Court should be suspended until the Criminal Court will render a decision. A decision is expected in July 2013. However, on 21 June 2013 LKI launched a request to restart the pleadings before the Commercial Court based on the decision of the Court of Appeals dated 20 June 2013 (see infra).

Criminal Court in Antwerp: On 21 March 2013, LKI summoned ADB directly before the Criminal Court in Antwerp mainly under accusation of fraud, abuse of trust and money laundering with the intention to suspend the civil case. KBC is not a party in this litigation. A court hearing was held on 3 May 2013. Parties and Public Prosecutor are asked to provide the court with their written arguments. A new hearing has been set for 11 and 18 September 2013.

Criminal complaint: On 22 March 2013, LKI filed a criminal complaint against ADB with the examining magistrate ('*onderzoeksrechter'*) of the Criminal Court of Antwerp, on the basis of alleged bribery of ADB officers by Daleyot. KBC is not a party in this litigation. The Public Prosecutor decided not to open a judicial inquiry and to bring the case directly before the judge's chamber. A court hearing was held on 5 June 2013. As LKI launched a request for further investigation on 4 June 2013, the judge postponed the case. The examing magistrate has to decide within one month whether a further investigation is necessary.

District Court Southern District of New York: On 23 December 2011, LKI filed a claim of USD 500 million against KBC and ADB based on the so-called RICO-act; this claim is in fact a non-cumulative duplicate of the one in Belgium.

Based on the information and evidence received this far, ADB and KBC consider the claims to be without merits and, hence, consider the risk that they should pay an amount to LKI and LKB as a result of their allegations against ADB and KBC to be remote. On 5 September 2012 the New York District Court granted ADB's and KBC's motions to dismiss based on the doctrine of 'forum non conveniens' meaning that New York is not the appropriate forum for this litigation.

On 6 September 2012, LKI filed a notice of appeal to the United States Court of Appeals for the Second Circuit. A court hearing was held on 24 April 2013.

By decision dated 20 June 2013, the judgement of the District Court dated 5 September 2012 was vacated. The Court of Appeals remanded the case to the District Court for further proceedings. The Court of Appeals decided that the District Court had to choose between the two conflicting forum selection clauses instead of proceeding directly with the 'forum non conveniens' analysis. The Court of Appeals made clear that it did not express an opinion on the applicability of either of the two forum selection clauses nor on the merits of ADB's and KBC's arguments for dismissal. A status conference before the District Court is scheduled for 8 July 2013.

TAXATION

This section sets out a summary of certain taxation considerations relating to the Notes.

Prospective purchasers of the Notes are advised to consult their own tax advisers as to the tax consequence of purchasing, holding or selling the Notes under the tax laws of the country of which they are resident, including, without limitation, the consequences of receipt of Interest Amounts and premium, if any, on and sale or redemption of, the Notes or any Interest Amounts therein. The discussions that follow do not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase, hold or sell Notes. In particular, these discussions do not consider any specific facts or circumstances that may apply to a purchaser of the Notes. The discussions that follow for each jurisdiction are based upon the applicable laws and interpretations thereof as in effect as of the date of this Base Prospectus. These tax laws and interpretations are subject to change, possibly with retroactive or retrospective effect.

The Netherlands

Introduction

The following summary does not purport to be a comprehensive description of all Dutch tax considerations that could be relevant to holders of the Notes. This summary is intended for general information only. Each prospective holder should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes. This summary is based on Dutch tax legislation and published case law in force as of the date of this document. It does not take into account any developments or amendments thereof after that date, whether or not such developments or amendments have retroactive effect. For the purposes of this section, "the Netherlands" shall mean that part of the Kingdom of the Netherlands that is in Europe.

Scope

Regardless of whether or not a holder of Notes is, or is treated as being, a resident of the Netherlands, with the exception of the section on withholding tax below, this summary does not address the Netherlands tax consequences for such a holder:

(i) having a substantial interest (*aanmerkelijk belang*) in the Issuer (such a substantial interest is generally present if an equity stake of at least 5%, or a right to acquire such a stake, is held, in each case by reference to the Issuer's total issued share capital, or the issued capital of a certain class of shares);

(ii) who is a private individual and who may be taxed in box 1 for the purposes of Netherlands income tax (*inkomstenbelasting*) as an entrepreneur (*ondernemer*) having an enterprise (*onderneming*) to which the Notes are attributable, or who may otherwise be taxed in box 1 with respect to benefits derived from the Notes;

(iii) which is a corporate entity and a taxpayer for the purposes of Netherlands corporate income tax (*vennootschapsbelasting*), having a participation (*deelneming*) in the Issuer (such a participation is generally present in the case of an interest of at least 5% of the Issuer's nominal paid-in capital);

(iv) which is a corporate entity and an exempt investment institution (*vrijgestelde beleggingsinstelling*) or investment institution (*beleggingsinstelling*) for the purposes of Netherlands corporate income tax, a pension fund, or otherwise not a taxpayer or exempt for tax purposes;

(v) which is a corporate entity and a resident of Aruba, Curaçao or Sint Maarten; or

(vi) which is not considered the beneficial owner (*uiteindelijk gerechtigde*) of the Notes and/or the benefits derived from the Notes.

This summary does not describe the Netherlands tax consequences for a person to whom the Notes are attributed on the basis of the separated private assets provisions (*afgezonderd particulier vermogen*) in the

Netherlands Tax Act 2001 (*Wet inkomstenbelasting 2001*) and/or the Netherlands Gift and Inheritance Tax Act 1956 (*Successiewet 1956*).

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 art. 10, paragraph 1, letter d, the Netherlands Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

Income Tax

Resident holders: A holder who is a private individual and a resident, or treated as being a resident of the Netherlands for the purposes of Netherlands income tax, must record Notes as assets that are held in box 3. Taxable income with regard to the Notes is then 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 is fixed at a rate of 4% of the holder's yield basis (*rendementsgrondslag*) at the beginning of the calendar year, insofar as the yield basis exceeds a certain threshold (*heffingvrij vermogen*). Such 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 at the beginning of the calendar year. The fair market value of the Notes will be included as an asset in the holder's yield basis. The deemed return on income from savings and investments is taxed at a rate of 30%.

Non-resident holders: A holder who is a private individual and neither a resident, nor treated as being a resident, of the Netherlands for the purposes of Netherlands income tax, will not be subject to such tax in respect of benefits derived from the Notes, unless such holder is 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, to which enterprise the Notes are attributable.

Corporate Income Tax

Resident holders: A holder which is a corporate entity and, for the purposes of Netherlands corporate income tax, a resident, or treated as being a resident, of the Netherlands, is taxed in respect of benefits derived from the Notes at rates of up to 25%.

Non-resident holders: A holder which is a corporate entity and, for the purposes of Netherlands corporate income tax, is neither a resident, nor treated as being a resident, of the Netherlands, will not be subject to corporate income tax, unless such holder has 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, a Netherlands Enterprise (*Nederlandse onderneming*), to which Netherlands Enterprise the Notes are attributable, or such holder 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. Such holder is taxed in respect of benefits derived from the Notes at rates of up to 25%.

Gift and Inheritance Tax

Resident holders: Netherlands gift tax or inheritance tax (*schenk- of erfbelasting*) will arise in respect of an acquisition (or deemed acquisition) of Notes by way of a gift by, or on the death of, a holder of Notes who is a resident, or treated as being a resident, of the Netherlands for the purposes of Netherlands gift and inheritance tax.

Non-resident holders: No Netherlands gift tax or inheritance tax will arise in respect of an acquisition (or deemed acquisition) of Notes by way of a gift by, or on the death of, a holder of Notes who is neither a resident, nor treated as being a resident, of the Netherlands for the purposes of Netherlands gift and inheritance tax.

Other Taxes

No Netherlands turnover tax (*omzetbelasting*) will arise in respect of any payment in consideration for the issue of Notes, with respect to any cash settlement of Notes or with respect to the delivery of Notes. Furthermore, no Netherlands registration tax, capital tax, transfer tax or stamp duty (nor any other similar tax or duty) will be payable in connection with the issue or acquisition of the Notes.

Residency

A holder will not become a resident, or a deemed resident, of the Netherlands for Netherlands tax purposes by reason only of holding 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 Amounts on the Notes made through a paying agent in Belgium will in principle be subject to a 25 per cent. withholding tax in Belgium (calculated on the Interest Amount received after deduction of any non-Belgian withholding taxes). The Belgian withholding tax constitutes the final income tax for Belgian resident individuals. This means that they do not have to declare the Interest Amounts obtained on the Notes in their personal income tax return, provided withholding tax was levied on these interest payments. They may nevertheless elect to declare Interest Amounts in respect of the Notes in their personal income tax return.

If the Interest Amounts are paid outside Belgium without the intervention of a Belgian paying agent, the Interest Amounts received (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return.

Interest income which is declared in the annual personal income tax return will in principle be taxed at a flat rate of 25 per cent. (or at the progressive personal tax rate taking into account the taxpayer's other declared income, whichever is more beneficial). If the interest payment is declared, any withholding tax retained may be credited.

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 and to the extent 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 (except Zero Coupon Notes and other Notes which provide for the capitalisation of interest) 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 Amounts on the Notes made through a paying agent in Belgium will in principle be subject to a 25 per cent. withholding tax in Belgium and no further tax on legal entities will be due on the Interest Amounts.

However, if the Interest Amounts are 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 25 per cent. withholding tax to the Belgian tax authorities.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless and to the extent the capital gain qualifies as interest (as defined above). Capital losses are in principle not tax deductible.

Organisation for Financing Pensions

Belgian pension fund entities that have the form of an Organisation for Financing Pensions (OFP) are subject to Belgian Corporate Income Tax (*"Vennootschapsbelasting"/"Impôt des sociétés"*). OFPs are in Belgium subject to the following tax treatment with respect to the Notes.

Interest Amounts 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 25 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 Amounts 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 Amounts are 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 Amounts 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 the 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.

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 are subject to change and may not be binding on HM Revenue & Customs) and are not intended to be exhaustive. They assume that neither Interest Amounts 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 Amounts on the Notes by the Issuer may be made without withholding or deduction for or on account of United Kingdom income tax.

Information Reporting

HM Revenue & Customs has powers to obtain information relating to securities in certain circumstances. This may include details of the beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information and documents in connection with transactions relating to the Notes. Information may be required to be provided by, amongst others, the holders of the Notes, persons by (or via) whom payments derived from the Notes are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the Notes on behalf of others and certain registrars or administrators. In certain circumstances, the information obtained by HM Revenue & Customs may be exchanged with tax authorities in other countries.

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.

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 Amounts 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 Amounts 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.

The proposed financial transactions tax ("FTT")

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

EU Savings Directive

Under the Savings Directive, EU Member States are required to provide to the tax authorities of another EU Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other EU Member State or to certain limited types of entities established in that other EU 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 EU 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 an EU Member State. In addition, the EU 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 an EU 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.

FATCA Withholding

Pursuant to the foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 ("FATCA"), non-U.S. financial institutions that enter into agreements with the IRS ("IRS Agreements") or become subject to provisions of local law intended to implement an intergovernmental agreement ("IGA legislation") entered into pursuant to FATCA, may be required to identify "financial accounts" held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. In order (a) to obtain an exemption from FATCA withholding on payments it receives and/or (b) to comply with any applicable laws in its jurisdiction, a financial institution that enters into an IRS Agreement or is subject to IGA legislation may be required to (i) report certain information on its U.S. account holders to the government of the United States or another relevant jurisdiction and (ii) withhold 30 per cent. from all, or a portion of, certain payments made to persons that fail to provide the financial institution information, consents and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

Under FATCA, withholding may be required with respect to payments to persons that are not compliant with FATCA or that do not provide the necessary information, consents or documentation made on or after (i) 1 January 2014, in respect of certain US source payments, (ii) 1 January 2017, in respect of payments of gross proceeds (including principal repayments) on certain assets that produce US source interest or dividends and (iii) 1 January 2017 (at the earliest), in respect of "foreign passthru payments" and then only on "obligations" that are not treated as equity for U.S. federal income tax purposes and that are issued or materially modified on or after (a) 1 January 2014, and (b) if later, in the case of an obligation that pays only foreign passthru payments, the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are filed in the Federal Register.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, the Guarantor, any Paying Agent, the Common Depositary or the Common Safekeeper, given that each of the entities in the payment chain beginning with the Issuer and ending with the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, Definitive Notes will only be printed in remote circumstances.

SUBSCRIPTION AND SALE

This section provides a summary of certain restrictions around who can purchase the Notes in certain jurisdictions.

The Dealers have in a programme agreement (as amended and/or supplemented and/or restated from time to time, the "Programme Agreement") dated 4 July 2013 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 Notes, 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) 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

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any 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 "Financial Instruments and Exchange Act") 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, directly or indirectly, offered or 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, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and any other relevant laws and regulations 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 relevant 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*), and/or (c) a limited circle of investors (*cercle restraint*) acting for their own account, as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 and D.411-4 of the French *Code monétaire et financier*.

The Netherlands

Notes that are not to be admitted on a regulated market may not be offered to the public in the Netherlands in reliance on Article 3(2) of the Prospectus Directive unless (i) such offer is made exclusively to persons or entities which are qualified investors as defined in Article 1:1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) 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 to 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 with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or any of the other documents relating to any Notes be distributed in Italy, except in accordance with any Italian securities, tax and other applicable laws and regulations.

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 24 February 1998, as amended (the "Financial Services Act") and Article 34-*ter*, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 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 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 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September, 1993 as amended (the "Banking Act"), all as amended from time to time; and

(b) in compliance with Article 129 of the Banking Act, as amended from time to time, 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, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or any other competent 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, as amended (the "Bonds Act"). No approval of a prospectus has been sought or obtained from the Czech National Bank under Act No. 256/2004 Coll. on Conducting Business in the Capital Market, as amended (the "Capital Market Act") with respect to the Notes. No action has been taken to passport a prospectus approved by the competent authority of the home Member State of the Issuer into the Czech Republic by delivery of a certificate of the competent authority of the home Member State of the Issuer to the Czech National Bank attesting that a prospectus approved by the another home Member State authority has been drawn up in accordance with the laws of the European Community.

No application has been filed nor has any permission been obtained for listing nor has any other arrangement for trading the Notes on any regulated market in the Czech Republic (as defined by the Capital Market Act) been made. Accordingly, each of the Dealers has represented and agreed that it has not and will not offer, sell or otherwise introduce the Notes for trading in the Czech Republic in a manner that would require (i) the approval of a prospectus by the Czech National Bank or (ii) passporting of a prospectus approved by the competent authority of the home Member State of the Issuer into the Czech Republic by delivery of a certificate of the competent authority of the home Member State of the Issuer to the Czech National Bank attesting that a prospectus approved by the home Member State authority has been drawn up in accordance with the laws of the European Community.

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(1)(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 Market 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 competent authority nor notified (passported) to the Polish competent authority by the CSSF in accordance with applicable procedures. Accordingly, the Notes may not be publicly offered in the Republic of Poland ("Poland") or admitted to trading on an EU regulated market in Poland. Pursuant to the Act on Public Offerings, the Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies dated 29 July 2005 (as amended), a "public offering" means communication in any form and by any means, which is addressed to 100 or more persons, or to an unspecified addressee, and which contains sufficient information on the securities to be offered and terms and conditions of their acquisition, so as to enable an investor to decide to acquire these securities for a consideration ("Public Offering"). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it is aware that no approval has been obtained from the Polish competent authority nor such notification made, and that it will not admit any Notes to trading on the regulated market in Poland nor offer any Notes in Poland in the event that any such offer would constitute a Public Offering in Poland as defined above.

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, without limitation, foreign exchange regulations) and that the re-offer or re-sale of the Notes to Polish residents or within Poland in secondary trading may also be subject to restrictions.

Luxembourg

The Notes are not offered to the public in or from Luxembourg and each Dealer has represented and agreed that it will not offer the Notes or cause the offering of the Notes or contribute to the offering of the Notes to the public in or from Luxembourg, unless all the relevant legal and regulatory requirements concerning a public offer in or from Luxembourg have been complied with. In particular, this offer has not been and may not be announced to the public and offering material may not be made available to the public.

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 'structured products' as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO")) other than i) to "professional investors" as defined in the SFO" and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the SFO; 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 of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under the that Ordinance.

Republic of Singapore

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (b) to a relevant person under Section 275(1), or any person pursuant to Section 275(1A) and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Base Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes may not be circulated or distributed, nor may any Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law; or

(iv) as specified in Section 276(7) of the SFA.

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

This Base Prospectus has not been and will not be submitted for approval to the Hungarian Financial Supervisory Authority and the Notes will not be offered in the Republic of Hungary in a public offer as defined in accordance with the Act CXX of 2001 on the Capital Markets (the "Capital Markets Act"). Each Dealer has confirmed its awareness of the above and has represented and agreed that it has not offered or sold, and will not offer or sell, the Notes in the Republic of Hungary in a public offer and will not offer the Notes for sale to investors in the Republic of Hungary other than in accordance with all applicable provisions of the Capital Markets Act.

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

This section provides certain additional general information relating to all Notes.

Authorisation

The establishment and update 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 and 12 June 2013, by resolutions of the Supervisory Board of the Issuer dated 21 June 2012 and 12 June 2013 and by resolutions of the sole shareholder of the Issuer dated 25 June 2012 and 12 June 2013. The giving of the Guarantee has been authorised by resolutions of the Guarantor's Executive Committee dated 19 June 2012 and 26 March 2013 and the resolution of Rik Janssen (Group Treasurer) on 11 June 2013.

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 approval of this Base Prospectus to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the official list of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of MiFID.

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 31 December 2012 and 31 December 2011 and the audited annual consolidated financial statements of the Guarantor in respect of the financial years ended 31 December 2012 and 31 December 2011;

(iii) the press release dated 25 April 2013 "KBC Group 2012 reference figures according to the new business unit breakdown";

(iv) the base prospectus dated 27 June 2012 relating to the EUR 25,000,000,000 Wholesale Euro Medium Term Note Programme of KBC Internationale Financieringsmaatschappij N.V. and guaranteed by KBC Bank NV; and

(v) any future prospectuses, base prospectuses, information memoranda and supplements including Final Terms relating to Notes which are listed on the official list of 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 official list of 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 at the specified office of each of the Paying Agents by a holder of such Notes upon production of evidence satisfactory to the relevant Paying Agent 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 31 December 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 31 December 2012.

Litigation

KBC IFIMA N.V.

Other than as set out in Section "Description of the Issuer" – "Litigation", 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

Other than as set out in Section "Description of the Guarantor", subsection 20 "Litigation", the Guarantor is not involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Guarantor 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 Guarantor.

Statutory Auditors

The auditors of the Issuer are Ernst & Young Accountants LLP, Cross Towers, Antonio Vivaldistraat 150, 1083 HP Amsterdam, the Netherlands. The auditors of the Issuer are members of the the NBA, (*Nederlandse Beroepsorganisatie van Accountants*), the Dutch professional organisation for accountants. The Issuer's financial statements for the years ended 31 December 2011 and 31 December 2012 and the related auditors' reports are incorporated by reference. The financial statements of the Issuer for the years ended 31 December 2011 and 31 December 2012 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 have been audited in accordance with Belgian GAAS for the year ending 31 December 2011 and in accordance with ISA for the year ending 31 December 2012 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 by reference in the form and context in which they are included or incorporated by reference, 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. For the purposes of this paragraph, "Affiliates" means any entity controlled, directly or indirectly, by a Dealer, any entity that controls, directly or indirectly, a Dealer or any entity directly or indirectly under common control with a Dealer. For these purposes "control" means ownership of a majority of the voting power of an entity.

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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Banco Santander, S.A.
Ciudad Grupo Santander
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Citigroup Global Markets Limited
Citigroup Centre
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Commerzbank Aktiengesellschaft
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