http://www.oblible.com

BASE PROSPECTUS

BBVA Global Markets B.V.

(a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) incorporated under Dutch law with its seat in Amsterdam, the Netherlands but its tax residency in Spain)

€4,000,000,000 Structured Medium Term Note Programme

unconditionally and irrevocably guaranteed by

Banco Bilbao Vizcaya Argentaria, S.A.

(incorporated with limited liability in Spain)

Under this €4,000,000,000 Structured Medium Term Note Programme (the "**Programme**"), BBVA Global Markets B.V. (the "**Issuer**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed with the relevant Dealer (as defined below).

This document (this "**Base Prospectus**") constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive (as defined below). The terms and conditions of the Notes (the "**Conditions**") will comprise the General Conditions, each Annex specified as applicable in the completed Final Terms (each as defined below). This Base Prospectus, any supplement to this Base Prospectus (a "**Supplement to this Base Prospectus**"), any applicable Annex and the Final Terms for a Series will comprise the "**Offering Documents**".

The satisfaction of the Issuer's economic obligations (in cash and in deliverable assets) in respect of the Notes will be unconditionally and irrevocably guaranteed pursuant to a Guarantee (the "**Guarantee**") entered into by Banco Bilbao Vizcaya Argentaria, S.A. ("**BBVA**" or the "**Guarantor**"). The Guarantor and its consolidated subsidiaries are referred to herein as the "**Group**".

Notes may be issued in bearer, registered or in dematerialised book-entry form (respectively "**Bearer Notes**", "**Registered Notes**" and "**Book-Entry Notes**").

Notes may be issued whose return (whether in respect of any interest payable on such Notes and/or their redemption amount) is linked to one or more indices ("**Index Linked Notes**"), one or more shares or depositary receipts ("**Equity Linked Notes**"), one or more inflation indices ("**Inflation Linked Notes**"), one or more exchange traded fund shares ("**ETF Linked Notes**"), fund shares or units ("**Fund Linked Notes**"), the credit of a specified entity or entities ("**Credit Linked Notes**"), one or more foreign exchange rates ("**Foreign Exchange (FX) Rate Linked Notes**") or any combination thereof ("**Combination Notes**") as more fully described herein. Notes may provide that settlement will be by way of cash settlement ("**Cash Settled Notes**") or physical delivery ("**Physically Settled Notes**") as provided in the Final Terms.

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €4,000,000,000 (or its equivalent in other currencies). Notes may be issued on a continuing basis to one or more dealers appointed from time to time by the Issuer (the "**Dealers**" and each a "**Dealer**"). References in this Base Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes as designated in each specific issue of Notes.

Potential investors 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. An investment in Notes may involve a high degree of risk and potential investors should be prepared to sustain a total loss of the purchase price of their Notes. For a discussion of these risks see the "Risk Factors" section on pages 41 to 99 below.

This Base Prospectus has been approved by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC, as amended or superseded. The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to Directive 2003/71/EC, as amended or superseded. References in this Base Prospectus to Notes being listed (and all related references) shall mean that such Notes have been listed and admitted to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") or any other stock exchange specified in the Final Terms of the Notes. Euronext Dublin is a regulated market for the purposes of Directive 2014/65/EU as amended (the "**MiFID II**").

Notes must not be offered, distributed or sold in Spain or to Spanish Residents (as defined in "*Subscription and Sale and Transfer and Selling Restrictions – Spain*"). In addition, neither the Offering Documents nor any other marketing materials in relation to the Notes shall be distributed in Spain, and no publicity of any kind shall be made in Spain. The sale, transfer, or acquisition of Implicit Yield Notes (as defined in General Condition 2(j)), including, but not limited to, Zero Coupon Notes, to or by individuals (*personas físicas*) who are tax resident in Spain (each a "Spanish Individual") is forbidden in all cases.

The Notes, the Guarantee and any Entitlement(s) (as defined below) have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any U.S. state securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**") unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. See "*Form of the Notes*" for a description of the manner and form in which Notes will be issued. The Notes are subject to certain restrictions on transfer, see "*Subscription and Sale and Transfer and Selling Restrictions*". Notes may be offered in the United States to U.S. persons that are "qualified institutional buyers" (each a "**QIB**") as defined in Rule 144A under the Securities Act ("**Rule 144A**") who are also "qualified purchasers" (each a "**QP**") within the meaning of Section 2(a)(51)(A) of the United States Investment Company Act of 1940, as amended (the "**1940 Act**") and the rules and regulations thereunder, by BBVA Securities Inc. (in such capacity, the "**Initial Purchaser**"). The Notes, the Guarantee and any Entitlement(s) do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended (the "**CEA**"), and trading in the Notes has not been approved by the U.S. Commodity Futures Trading Commission pursuant to the CEA.

IMPORTANT – EEA RETAIL INVESTORS - If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2016/97/EU, as amended or superseded (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC, as amended or superseded, (the "**Prospectus Directive**"). Consequently no key information document required by Regulation

http://www.oblible.com

(EU) No 1286/2014, as amended or superseded (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

MiFID II PRODUCT GOVERNANCE/TARGET MARKET – The applicable Final Terms in respect of any Notes may include a legend entitled "**MiFID II Product Governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

EU BENCHMARK REGULATION – Amounts payable under the Notes or assets deliverable under the Notes may be calculated or otherwise determined by reference to certain reference rates, indices or other variables, which may constitute a benchmark under the Benchmark Regulation (EU Regulation 2016/1011 – "BMR"). If any such reference rate, index or variable does constitute such a benchmark, the relevant Final Terms will indicate whether or not the administrator thereof is included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of the BMR. Not every reference rate, index or variable will fall within the scope of the Benchmarks Regulation. Furthermore, transitional provisions in the BMR may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Final Terms. The registration status of any administrator under the BMR is a matter of public record and, save where required by applicable law, the Issuer does not intend to update any Final Terms to reflect any change in the registration status of any administrator.

The Issuer is incorporated under Dutch law and has its seat in Amsterdam, the Netherlands but has its tax residency in Spain. The Guarantor is incorporated and has its tax residency in Spain. Potential investors should note the statements on pages 418 to 424 (inclusive) regarding the tax treatment in Spain of income obtained in respect of the Notes.

The Issuer and the Guarantor may agree with the relevant Dealer that Notes may be issued in a form not contemplated by the "*Terms and Conditions of the Notes*" set out herein, in which event a Supplement to this Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Arranger

Banco Bilbao Vizcaya Argentaria, S.A.

Dealers

Banco Bilbao Vizcaya Argentaria, S.A.

BBVA Securities Inc.

The date of this Base Prospectus is 18 June 2019.

Application has been made to Euronext Dublin for the Notes issued under the Programme during the period of twelve months after the date of this Base Prospectus to be admitted to the Official List of Euronext Dublin (the "**Official List**") and to trading on its regulated market.

This Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Directive. "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes, for the purposes of this Base Prospectus only, any relevant implementing measure in a relevant Member State of the European Economic Area. The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

Such approval relates only to the Notes which are to be admitted to trading on the regulated market of Euronext Dublin or other regulated markets for the purposes of Directive 2014/65/EU, as amended, of the European Parliament and of the Council (the "**MiFID II**") or which are to be offered to the public in any Member State of the EEA.

Notice of the Aggregate Nominal Amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the "**Final Terms**") which will be filed with the Central Bank and published on the website of Euronext Dublin (www.ise.ie). Copies of the Final Terms will be available from the specified office set out below of the Principal Paying Agent (as defined below).

The Issuer and the Guarantor (the "**Responsible Persons**") accept responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Responsible Persons (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 does not omit anything likely to affect the import of such information.

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

The language of this Base Prospectus is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of this Base Prospectus.

The Dealer(s) have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealer(s) as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer or the Guarantor to give any information or to make any representation not contained in or not consistent with (a) this Base Prospectus or (b) 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 Dealer(s).

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantor or any of the Dealer(s) that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or 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 the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or the Guarantor or any of the Dealer(s) 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 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 Dealer(s) expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor

during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

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. The Issuer, the Guarantor and the Dealer(s) do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor or the Dealer(s) which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither the Offering Documents 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 the Offering Documents or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of the Offering Documents and the offering and sale of Notes. In particular, there are restrictions on the distribution of the Offering Documents and the offer or sale of Notes in, without limitation, Japan, the United States and the EEA (including, without limitation, the United Kingdom, Spain, the Republic of Italy, Germany and France) (see "*Subscription and Sale and Transfer and Selling Restrictions*").

The Notes will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. This document does neither constitute a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange nor any other regulated trading facility in Switzerland or a simplified prospectus as such term is defined in the Swiss Collective Investment Scheme Act ("**CISA**") nor an issuance prospectus in accordance with the Swiss Code of Obligations. **The Notes do not constitute a collective investment scheme within the meaning of the CISA. Therefore, they are not subject to authorisation by the Swiss Financial Market Supervisory Authority FINMA and potential investors do not benefit from the specific investor protection provided under the CISA. Investors bear the credit risk of the Issuer and the Guarantor.**

Notes must not be offered, distributed or sold in Spain or to Spanish Residents (as defined in "*Subscription and Sale and Transfer and Selling Restrictions – Spain*"). In addition, neither the Offering Documents nor other marketing materials in relation to the Notes shall be distributed in Spain, and no publicity of any kind shall be made in Spain.

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

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 advisors, whether it:

(a) 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 to this Base Prospectus and all the information contained in the Final Terms;

(b) 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;

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

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

(e) in respect of Notes linked to the performance of, without limitation, one or more, or a combination of, underlying shares or depositary receipts, indices, rates of interest, other rates, foreign exchange rates, exchange traded fund shares, funds, inflation indices and/or entities (together, "**Reference Items**" and each, a "**Reference Item**") (in respect of such Notes, together, "**Reference Item Linked Notes**" and each a "**Reference Item Linked Note**"), understands thoroughly (if necessary, in consultation with the investor's own legal, tax, accountancy, regulatory, investment or other professional advisers) the nature of each such Reference Item Linked Note; and

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

None of the Issuer, the Guarantor, the Dealer or any affiliate of BBVA has given, and will not give, to any potential investor in Notes (either directly or indirectly) any assurance, advice, recommendation or guarantee as to the merits, performance or suitability of such Notes, and the investor should be aware that the Issuer is acting as an arm's-length contractual counterparty and not as an advisor or fiduciary.

In making an investment decision, investors must rely on their own examination of the Issuer and the Guarantor and the terms of the Notes being offered, including the merits and risks involved.

No website referred to in this Base Prospectus forms part of this Base Prospectus.

SPANISH TAX RULES

Article 44 of Royal Decree 1065/2007, of 27 July ("**RD 1065/2007**"), as amended by Royal Decree 1145/2011, of 29 July ("**RD 1145/2011**"), sets out the reporting obligations applicable to preference shares and debt instruments (including debt instruments issued at a discount for a period equal to or less than twelve months) issued under the First Additional Provision of Law 10/2014, of 26 June, on Organisation, Supervision and Solvency of Credit Entities ("**Law 10/2014**").

General

The procedure described in this Base Prospectus for the provision of information required by Spanish laws and regulations is a summary only. **Holders of Notes must seek their own advice to ensure that the relevant procedures to ensure correct tax treatment of their Notes are complied with**. None of the Issuer, the Guarantor, the Dealer(s), the Paying Agents, the European Clearing Systems or DTC assumes any responsibility therefor.

NO HOLDING OF IMPLICIT YIELD NOTES BY SPANISH INDIVIDUALS

The sale, transfer, or acquisition of Implicit Yield Notes (as defined below), including, but not limited to, Zero Coupon Notes, to or by individuals (*personas físicas*) who are tax resident in Spain (each a "Spanish Individual") is forbidden in all cases. Any transfer of Implicit Yield Notes to or by Spanish Individuals is not permitted and such transfer will be considered null and void by the Issuer and the Guarantor. Accordingly, neither the Issuer nor the Guarantor will recognise any Spanish Individual as an owner of Implicit Yield Notes.

"**Implicit Yield Notes**" means Notes in respect of which the income derives from (a) the difference between the redemption amount and the issue price of the Notes, or (b), subject to the paragraph below, a combination of (i) an explicit coupon and (ii) the difference between the redemption amount and the issue price of the Notes.

For the purposes of this Base Prospectus and in accordance with Spanish tax regulations, Notes with the characteristics set out in (b) above will only be deemed Implicit Yield Notes if the interest payable in each year (explicit coupon) is lower than the Interest Rate of Reference applicable as of the Issue Date.

The "**Interest Rate of Reference**" shall be the interest rate applicable to each calendar quarter determined by reference to 80 per cent. of the weighted average rate fixed in the preceding calendar quarter for a (a) 3 year Spanish Government Bond issues, if the Notes have a term of 4 years or less, (b) 5 year Spanish Government Bond issues, if the Notes have a term of more than 4 years but equal or less than 7 years, or (c) 10, 15 or 30 year Spanish Government Bond issues, if the Notes have a term of more than 7 years, all as determined by the Calculation Agent in a commercially reasonable manner.

U.S. INFORMATION

This Base Prospectus is being submitted in the United States to a limited number of QIBs who are also QPs and Institutional Accredited Investors who are also QPs (each as defined under "*Form of Notes*") for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor

may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Neither the Notes, the Guarantee nor any Entitlement(s) have been or will be registered under the Securities Act, and trading in the Notes has not been approved by the CFTC under the CEA. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.

The Notes in bearer form 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 United States persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the regulations promulgated thereunder.

Registered Notes may be offered or sold within the United States only to QIBs who are also QPs or to Institutional Accredited Investors who are also QPs, in either case in transactions exempt from registration under the Securities Act in reliance on Rule 144A or any other applicable exemption. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A and one or more exemptions and/or exclusions from regulation under the CEA, as amended.

Purchasers of Definitive IAI Registered Notes (as defined under "*Form of Notes – Registered Notes*") and Notes represented by a Rule 144A Global Note will be required to execute and deliver an Investment Letter (as defined under "*Terms and Conditions of the Notes*"). Each purchaser or holder of Definitive IAI Registered Notes, Notes represented by a Rule 144A Global Note or any Notes issued in registered form in exchange or substitution therefor (together "**Legended Notes**") will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Subscription and Sale and Transfer and Selling Restrictions*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Form of Notes*".

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is unlawful.

In addition, the Notes may not be offered, sold or transferred to any U.S. person that is a benefit plan investor, is using the assets of a benefit plan investor to acquire such Notes or that will at any time hold such Notes for a benefit plan investor (including assets that may be held in an insurance company's separate or general accounts where assets in such accounts may be deemed "plan assets" for purposes of ERISA). For the purposes hereof, the term "**benefit plan investor**" means (A) any employee benefit plan (as defined in section 3(3) of ERISA), (B) any plan described in section 4975(e)(1) of the U.S. Internal Revenue Code, or (C) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity (within the meaning of the U.S. Department of Labor Regulations section 2510.3-101 as modified by section 3(42) of ERISA) and the term "**ERISA**" means the U.S. Employee Retirement Income Security Act of 1974, as amended.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, each of Issuer and the Guarantor have undertaken in a deed poll dated 10 November 2009 (the "**Deed Poll**") to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer or the Guarantor, as the case may be, is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer and the Guarantor are corporations organised under the laws of the Netherlands and Spain respectively. All or most of the officers and directors of the Issuer and the Guarantor named herein reside outside the United States and all or a substantial portion of the assets of the Issuer and the Guarantor and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside the Netherlands and Spain upon the Issuer and Spain upon the Guarantor or such persons, or to enforce judgments against them obtained in courts outside the Netherlands and Spain

predicated upon civil liabilities of the Issuer and the Guarantor or such directors and officers under laws other than the laws of the Netherlands and the laws of Spain, including any judgment predicated upon United States federal securities laws.

TABLE OF CONTENTS

SUMMARY 9

RISK FACTORS 41

DOCUMENTS INCORPORATED BY REFERENCE 100

TERMS AND CONDITIONS OF THE NOTES 102

Annex 1 Additional Terms and Conditions for Payouts 144

Annex 2 Additional Terms and Conditions for Index Linked Notes 177

Annex 3 Additional Terms and Conditions for Equity Linked Notes 190

Annex 4 Additional Terms and Conditions for ETF Linked Notes 206

Annex 5 Additional Terms and Conditions for Fund Linked Notes 222

Annex 6 Additional Terms and Conditions for Inflation Linked Notes 232

Annex 7 Additional Terms and Conditions for Foreign Exchange (FX) Rate Linked Notes 237

Annex 8 Additional Terms and Conditions for Credit Linked Notes 248

FORM OF NOTES 310

FORM OF GUARANTEE 316

FORM OF FINAL TERMS 320

USE OF PROCEEDS 389

BOOK-ENTRY CLEARANCE SYSTEMS 390

DESCRIPTION OF BBVA GLOBAL MARKETS B.V. 396

DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A. 400

TAXATION 420

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS 435

GENERAL INFORMATION 454

SUMMARY

SUMMARY

*Summaries are made up of disclosure requirements known as "**Elements**". These Elements are numbered in Sections A – E (A.1 – E.7). This Summary contains all the Elements required to be included in a summary for the Notes and the Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in a summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element should be included in the summary explaining why it is not applicable.*

Section A– Introduction and warnings

Element	Title	
A.1	**Introductions and warnings:**	**This summary should be read as an introduction to the Base Prospectus and the Final Terms.** **Any decision to invest in any Notes should be based on a consideration of the Base Prospectus as a whole, including any documents incorporated by reference, and the Final Terms.** **Where a claim relating to information contained in the Base Prospectus and the Final Terms is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus and the Final Terms before the legal proceedings are initiated.** **Civil liability attaches to the Issuer or the Guarantor in any such Member State solely on the basis of this summary, including any translation of it, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus and the Final Terms or, following the implementation of the relevant provisions of Directive 2010/73/EU in the relevant Member State, it does not provide, when read together with the other parts of the Base Prospectus and the Final Terms, key information in order to aid investors when considering whether to invest in the Notes.**
A.2	**Consent by the Issuer:**	*Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a "**Non-exempt Offer**".* *The Base Prospectus has been prepared on a basis that permits Non-exempt Offers of Notes in each Member State in relation to which the Issuer has given its consent as specified in the applicable Final Terms (each specified Member State a "**Non-exempt Offer Jurisdiction**" and together the "**Non-Exempt Offer Jurisdictions**"). Any person making or intending to make a Non-exempt Offer of Notes on the basis of this Base Prospectus must do so only with the Issuer's consent to the use of the Base Prospectus as provided under "Consent given in accordance with Article 3.2 of the Prospectus Directive" and provided such person complies with the conditions attached to that consent.* *Save as provided above, none of the Issuer, the Guarantor or any Dealer have authorised, nor do they authorise, the making of any Non-exempt Offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.* *(Delete this paragraph when preparing an issue specific summary).* *(Issue specific summary)* [Not Applicable] **[***Consent:* Subject to the conditions set out below, the Issuer consents to the use of the Base Prospectus in connection with a Non-exempt Offer of Notes by the Manager/Dealer(s)[, [*names of specific financial intermediaries listed in final terms*,]

SUMMARY

Element	Title	
		[and] [each financial intermediary whose name is published on the Guarantor's website [(www.bbva.com)] and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer]. *Offer period:* The Issuer's consent referred to above is given for Non-exempt Offers of Notes during [*offer period for the issue to be specified here*] (the "**Offer Period**"). *Conditions to consent:* The conditions to the Issuer's consent are that such consent (a) is only valid during the Offer Period; and (b) only extends to the use of the Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in Ireland. **AN INVESTOR INTENDING TO PURCHASE OR PURCHASING ANY NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER.]**

Section B– Issuer and Guarantor

Element	Title			
B.1	**Legal and commercial name of the Issuer:**	BBVA Global Markets B.V.		
B.2	**Domicile/ legal form/ legislation/ country of incorporation:**	The Issuer is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) and was incorporated under the laws of the Netherlands on 29 October, 2009. The Issuer's registered office is in Amsterdam, the Netherlands and its principal place of business at Calle Sauceda 28, 28050 Madrid, Spain.		
B.4b	**Trend information:**	Not applicable - There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for its current financial year.		
B.5	**Description of the Group:**	The Issuer is a direct wholly-owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.		
		Banco Bilbao Vizcaya Argentaria, S.A. and its consolidated subsidiaries (the "**Group**") are a highly diversified international financial group, with strengths in the traditional banking businesses of retail banking, asset management, private banking and wholesale banking. It also has investments in some of Spain's leading companies.		
B.9	**Profit forecast or estimate:**	Not applicable - No profit forecasts or estimates have been made in this Base Prospectus.		
B.10	**Audit report qualifications:**	Not applicable - No qualifications are contained in any audit report included in this Base Prospectus.		
B.12	Selected historical key financial information of the Issuer: **Statement of Comprehensive Income**			
	Thousands of Euros		31.12.2018 (audited)	31.12.2017 (audited)

SUMMARY

Element	Title			
		—Interest income and similar income	—	200,488
		—Interest expense and similar expenses	—	(200, 063)
		—Exchange rate differences	(9)	(141)
		—Other operating income	338	188
		—Other operating expenses	(268)	(318)
		—Income tax	(18)	(42)
		Total comprehensive result of the year	**43**	**112**
		(*) Presented for comparison purposes only.		
		Statement of Financial Position (before appropriation of result)		
		Thousands of Euros	31.12.2018 (audited)	31.12.2017 (*) (audited)
		Total assets	**2,548,058**	**2,432,276**
		Total liabilities	**2,547,827**	**2,431,589**
		Total shareholder's equity	**231**	**687**
		Total liabilities and shareholder's equity	**2,548,058**	**2,432,276**
		** Presented for comparison purposes only.*		
		Statements of no significant or material adverse change		
		There has been no significant change in the financial or trading position of the Issuer since 31 December 2018. There has been no material adverse change in the prospects of the Issuer since 31 December 2018.		
B.13	**Events impacting the Issuer's solvency:**	Not applicable - There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.		
B.14	**Dependence upon other group entities:**	See Element B.5 ("*Description of the Group*") The Issuer is dependent upon the Guarantor to meet its payment obligations under the Notes. Should the Guarantor fail to pay interest on or repay any deposit made by the Issuer or meet its commitment under a hedging arrangement in a timely fashion, this will have a material adverse effect on the ability of the Issuer to fulfil its obligations under Notes issued under the Programme.		
B.15	**Principal activities:**	The Issuer serves as a financing company for the purposes of the Group and is regularly engaged in different financing transactions within the limits set forth in its articles of association. The Issuer's objective is, among others, to arrange medium and long term financing for the Group and cost saving by grouping these activities.		
B.16	**Controlling shareholders:**	The Issuer is a direct wholly-owned subsidiary of Banco Bilbao Vizcaya Argentaria, S.A.		
B.17	**Credit ratings:**	Issuer's rating: The Issuer has been rated "A-" by S&P Global Notes' rating: The Notes [have been/are expected to be][are not] rated [*specify rating(s) of Tranche being issued*] by [*specify rating agent(s)*].		

SUMMARY

Element	Title	
		[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.]
B.18	**Description of the Guarantee:**	The Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under its guarantee will be direct, unconditional and unsecured obligations of the Guarantor and will rank *pari passu* with all other unsecured and unsubordinated obligations of the Guarantor.
B.19	**Information about the Guarantor:**	
B.19 (B.1)	**Legal and commercial name of the Guarantor:**	The legal name of the Guarantor is Banco Bilbao Vizcaya Argentaria, S.A. It conducts its business under the commercial name "BBVA".
B.19 (B.2)	**Domicile/ legal form/ legislation/ country of incorporation:**	The Guarantor is a limited liability company (a *sociedad anónima* or *S.A.*) and was incorporated under the Spanish Corporations Law on 1 October, 1988. It has its registered office at Plaza de San Nicolás 4, Bilbao, Spain, 48005, and operates out of Calle Azul 4, 28050, Madrid, Spain.
B.19 (B.4(b))	**Trend information:**	Not applicable - There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Guarantor's prospects for its current financial year.
B.19 (B.5)	**Description of the Group:**	The Group is a highly diversified international financial group, with strengths in the traditional banking businesses of retail banking, asset management, private banking and wholesale banking. It also has investments in some of Spain's leading companies. As of 31 December 2018, the Group was made up of 297 consolidated entities and 66 entities accounted for using the equity method. The companies are principally domiciled in the following countries: Argentina, Belgium, Bolivia, Brazil, Chile, Colombia, France, Germany, Ireland, Italy, Mexico, Netherlands, Peru, Poland, Spain, Switzerland, Turkey, United Kingdom, United States of America, Uruguay and Venezuela. In addition, BBVA has an active presence in Asia.
B.19 (B.9)	**Profit forecast or estimate:**	Not applicable - No profit forecasts or estimates have been made in this Base Prospectus.
B.19 (B.10)	**Audit report qualifications:**	Not applicable - No qualifications are contained in any audit report included in this Base Prospectus.
B.19 (B.12)	Selected historical key financial information of the Group ***Income Statement***	

Millions of euros	**31.03.2019**	**31.03.2018***	**31.12.2018**	**31.12.2017***
	(unaudited)	(unaudited)	(audited)	(audited)
—Net interest income	4,420	4,288	17,591	17,758
—Gross income	6,069	6,027	23,747	25,270
—Net operating income	1,980	2,131	7,691	7,222
—Operating profit before tax	1,957	2,170	8,446	6,931
Profit attributable to				

SUMMARY

Element	Title	
	parent company	**1,164** **1,290** **5,324** **3, 519**

(*) Presented for comparison purposes only

Balance Sheet

Millions of euros	**31.03.2019** (unaudited)	**31.03.2018*** (unaudited)	**31.12.2018** (audited)	**31.12.2017*** (audited)
Total Assets	691,200	685,441	676,689	690,059
Loans and advances to customers	380,799	367,986	374,027	387,621
Customer deposits([1])	378,527	360,213	375,970	376,379
Debt Certificates and Other financial liabilities([2])	77,509	74,054	73,956	75,765
Total customers funds (1)+(2)	456,036	434,267	449,926	452,144
Total equity	53,547	51,823	52,874	53,323

Statements of no significant or material adverse change

There has been no significant change in the financial or trading position of the Group since 31 March 2019 and there has been no material adverse change in the prospects of the Group since 31 December 2018.

B.19 (B.13)	**Events impacting the Guarantor's solvency:**	There are no recent events particular to the Guarantor which is to a material extent relevant to an evaluation of its solvency.
B.19 (B.14)	**Dependence upon other Group entities:**	The Guarantor is not dependent on any other Group entities.
B.19 (B.15)	**The Guarantor's Principal activities:**	The Guarantor is a highly diversified international financial group, with strengths in the traditional banking businesses of retail banking, asset management, private banking and wholesale banking. It also has some investments in some of Spain's leading companies. Set forth below are the Group's operating segments as of 31 December 2018: • Banking activity in Spain • Non-core Real Estate • United States • Mexico • Turkey • South America • Rest of Eurasia The Corporate Center contains the Group's holding function, including: the costs of the head offices with a corporate function; management of structural exchange rate positions; some equity instruments issuances to ensure an adequate management of the Group's global solvency. It also includes portfolios whose management is not linked to customer relationships, such as industrial holdings; certain tax assets and liabilities;

SUMMARY

Element	Title	
		funds due to commitments to employees; goodwill and other intangible assets. In 2019, the reporting structure of the BBVA Group's business areas differs from the one presented at the end of the year 2018, as a result of the integration of the Non-Core Real Estate business area into Banking Activity in Spain, changed to Spain.
B.19 (B.16)	**Controlling shareholders:**	Not applicable - The Guarantor is not aware of any shareholder or group of connected shareholders who directly or indirectly control the Guarantor.
B.19 (B.17)	**Credit ratings:**	The Guarantor has been rated "A-" by Fitch, "A3" by Moody's and "A-" by S&P Global.

Section C – Securities

Element	Title	
C.1	**Description of Notes/ISIN:**	*The Notes described in this section are debt securities with a denomination of less than €100,000 (or its equivalent in any other currency).* *The Notes to be issued under the Programme may be Fixed Rate Notes, Floating Rate Notes, Index Linked Notes, Equity Linked Notes, Inflation Linked Notes, Fund Linked Notes, ETF Linked Notes, Credit Linked Notes, Foreign Exchange (FX) Rate Linked Notes, Zero Coupon Notes, Partly Paid Notes or a combination of the foregoing.(Delete this paragraph when preparing an issue specific summary)* *(Issue specific summary:)* [Title of Notes: [*specify*] Series Number: [*specify*] Tranche Number: [*specify*] ISIN Code: [*specify*] Common Code: [*specify*]] [The Notes will be consolidated and form a single series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, which is expected to occur on or about [*date*].] [Certain Notes issued under the Programme will be deposited with a common depository for Euroclear UK & Ireland Limited ("**CREST**") and will be accepted for settlement in CREST via the CREST Depository Interest mechanism.]
C.2	**Currency:**	*Subject to compliance with all applicable laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer at the time of issue. Payments made in respect of Notes may, subject to compliance as aforesaid, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated. (Delete this paragraph when preparing an issue specific summary.)* *(Issue specific summary:)* [The specified currency of this Series of Notes is [*specify*] [(the "**SER Subject Currency**")][The payment currency of the Notes will be [*specify*] [(the "**Settlement Currency**")]]
C.5	**Restrictions on transferability:**	There are no restrictions on the free transferability of the Notes. However, selling restrictions apply to offers, sales or transfers of the Notes under the applicable laws in various jurisdictions. A purchaser of the Notes is required to make certain agreements and representations as a condition to purchasing the Notes.

SUMMARY

Element	Title	
C.8	**Rights attached to the Notes, including ranking and limitations on those rights:**	***Status of the Notes and the Guarantee*** The Notes will constitute direct, unconditional, unsecured and unsubordinated obligations and will rank *pari passu* among themselves, with all other outstanding, unsecured and unsubordinated obligations of the Issuer present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditor's rights. The Notes will have the benefit of an unconditional and irrevocable guarantee by the Guarantor. Such obligations of the Guarantor pursuant to the Guarantee will constitute direct, unconditional and unsecured obligations of the Guarantor and rank pari passu with all other unsecured and unsubordinated obligations of the Guarantor. ***Negative pledge*** The Notes do not have the benefit of a negative pledge. ***Events of default*** The terms of the Notes will contain, amongst others, the following events of default: (a) a default is made for more than 14 days in the payment of any principal (including any Instalment Amount(s)) due in respect of any of the Notes or 30 days or more in the payment of any interest or other amount due in respect of any of the Notes; or (b) a default is made in the performance by the Issuer or the Guarantor of any other obligation under the provisions of the Notes or under the provisions of the Guarantee relating to the Notes and such default continues for more than 60 days following service by a Noteholder on the Issuer and the Guarantor of a notice requiring the same to be remedied; or (c) an order of any competent court or administrative agency is made or any resolution is passed by the Issuer for the winding-up or dissolution of the Issuer (other than for the purpose of an amalgamation, merger or reconstruction (i) which has been approved by an Extraordinary Resolution or (ii) where all of the assets of the Issuer are transferred to, and all of its debts and liabilities are assumed by, a continuing entity); or (d) an order is made by any competent court commencing insolvency proceedings (*procedimientos concursales*) against the Guarantor or an order is made or a resolution is passed for the dissolution or winding up of the Guarantor (except in any such case for the purpose of a reconstruction or a merger or amalgamation (i) which has been approved by an Extraordinary Resolution or (ii) where the entity resulting from any such reconstruction or merger or amalgamation is a Financial Institution (Entidad de Crédito according to article 1 of Law 10/2014 of 26th June, on Organisation, Supervision and Solvency of Credit Entities) and will have a rating for long-term senior debt assigned by Standard & Poor's Rating Services, Moody's Investors Services or Fitch Ratings Ltd equivalent to or higher than the rating for long-term senior debt of the Guarantor immediately prior to such reconstruction or merger or amalgamation); or (e) the Issuer or the Guarantor is adjudicated or found bankrupt or insolvent by any competent court, or any order of any competent court or administrative agency is made for, or any resolution is passed by Issuer or the Guarantor to apply for, judicial composition proceedings with its creditors or for the appointment of a receiver or trustee or other similar official in insolvency proceedings in relation to the Issuer or the Guarantor or substantially all of the assets of either of them (unless in the case of an order for a temporary appointment, such appointment is discharged within 60 days); or

SUMMARY

Element	Title	
		(f) the Issuer (except for the purpose of an amalgamation, merger or reconstruction approved by an Extraordinary Resolution) or the Guarantor (except for the purpose of an amalgamation, merger or reconstruction (i) which has been approved by an Extraordinary Resolution or (ii) where the entity resulting from any such reconstruction or merger or amalgamation will have a rating for long-term senior debt assigned by Standard & Poor's Rating Services or Moody's Investor Services equivalent to or higher than the rating for long-term senior debt of the Guarantor immediately prior to such reconstruction or merger or amalgamation) ceases or threatens to cease to carry on the whole or substantially the whole of its business; or (g) an application is made for the appointment of an administrative or other receiver, manager, administrator or similar official in relation to the Issuer or the Guarantor or in relation to the whole or substantially the whole of the undertaking or assets of the Issuer or the Guarantor and is not discharged within 60 days; or (h) the Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect.
C.9	**Payment Features:**	(*Issue specific summary:*) [Issue Price: [[*specify*] per cent. of the Aggregate Nominal Amount][[*specify*] per Note] Issue Date: [*specify*] Calculation Amount: [*specify*] Early Redemption Amount: [*specify*] [the amortised face amount][the fair market value of the Notes less associated costs] ***Interest*** [No interest. [The Notes do not bear any interest [and will be offered and sold at discount to their nominal amount].] *Include as many as applicable [delete this paragraph when preparing an issue specific summary]* [Fixed Rate. [The Notes bear interest [from their date of issue/from [*specify*]] at the fixed rate of [*specify*] per cent. per annum. [The yield of the Notes is [*specify*] per cent.] Interest will be paid [annually][(*insert other period*)] in arrear on [and [*specify*]][*specify*] in each year. The first fixed rate interest payment will be made on [*specify*].] [Floating Rate. [The Notes bear interest [from their date of issue/from [*specify*]] at floating rates calculated by reference to [*specify reference rate for Notes being issued*] [plus/minus] a margin of [*specify*] per cent. Interest will be paid [monthly][quarterly][insert other period] in arrear on [*specify*] (*insert further dates if required*) and [*specify*] [in each year], subject to adjustment for non-business days. The first floating rate interest payment will be made on [*specify*].] [Specified Interest Amount [The Notes bear interest in the amount[s] so specified, payable on [*specify*][multiplied by the Specified Interest Amount Multiplier]] [Reference Item Linked Interest. [[The/Each] rate of interest payable on [*specify*] is [*specify*] determined on the basis set out in Element **C.10** (*Derivative component in the interest payments)*] [Although the Notes are Credit Linked Notes (as described below), the [*specify non-credit linked component or portion or delete these square brackets if no interest is credit linked*] interest is not credit linked and such interest shall continue to be payable notwithstanding the occurrence of a Credit Event.]

SUMMARY

Element	Title	
		[Subject to the Credit Linked Conditions below] ***Final Redemption*** Subject to any prior purchase and cancellation or early redemption, each Note will be redeemed on the [Maturity Date specified in Element **C.16** ("*Maturity date of the Notes*") below][*specify*] at [par/[*specify*] per cent. of the nominal amount/[*specify*][an amount determined in accordance with the methodology set out below] (*Complete following provisions on the same basis as followed in completing the Final Terms on the basis of the Payout Conditions, e.g. completing terms and using suffixes or adding a table where appropriate*)]. (i) "**Redemption (i)**" Constant Percentage + FR Value (ii) "**Redemption (ii) – Call**" *(Insert the following if no cap or floor is applicable)* Constant Percentage + Leverage * (FR Value – Strike Percentage) (*Insert the following if a floor is applicable*) Constant Percentage + Leverage * Max [Floor Percentage; (FR Value - Strike Percentage)] *(Insert the following if a cap is applicable)* Constant Percentage + Leverage * Min [Cap Percentage; (FR Value – Strike Percentage)] *(Insert the following if a cap and a floor are applicable)* Constant Percentage + Leverage * Min [Cap Percentage; Max [Floor Percentage; (FR Value – Strike Percentage)]] (iii) "**Redemption (iii) – Put**" *(Insert the following if no cap or floor is applicable)* Constant Percentage + Leverage * (Strike Percentage – FR Value) *(Insert the following if a floor is applicable)* Constant Percentage + Leverage * Max [Floor Percentage; (Strike Percentage – FR Value)] *(Insert the following if a cap is applicable)* Constant Percentage + Leverage * Min [Cap Percentage; (Strike Percentage – FR Value)] *(Insert the following if a cap and a floor are applicable)* Constant Percentage + Leverage * Min [Cap Percentage; Max [Floor Percentage; (Strike Percentage – FR Value)]] (iv) "**Redemption (iv) - Digital**": (A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]: [Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive*)][no Final Redemption Amount will be payable and Physical Delivery will apply]; or (B) Otherwise: [Constant Percentage 2][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive); for the avoidance of doubt the selected Final Payout*

SUMMARY

Element	Title	
		Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A)][no Final Redemption Amount will be payable and Physical Delivery will apply]. (v) "**Redemption (v) - Digital with Knock-in**" (A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and no Knock-in Event has occurred: [Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or (B) Otherwise: [Constant Percentage 2][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive)*; *for the avoidance of doubt the selected final payout formula for this paragraph (B) may be different from the final payout formula for paragraph (A)*)[no Final Redemption Amount will be payable and Physical Delivery will apply]. (vi) "**Redemption (vi) - Strike Podium n Conditions**": (A) If the Final Redemption Condition [1] is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]: [Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or (B) If the Final Redemption Condition [2] is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and Final Redemption Condition [1] is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period][[and no Knock-in Event has occurred]: [Constant Percentage 2][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or (C) Otherwise: [Constant Percentage 3][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (C) may be different from the Final Payout Formula for any of the preceding paragraphs*][no Final Redemption Amount will be payable and Physical Delivery will apply]. *(The above provisions of (B) may be duplicated in case more than two Final Redemption Conditions apply)* (vii) "**Redemption (vii) – Knock-in**" (A) If no Knock-in Event has occurred: 100 per cent; or (B) If a Knock-in Event has occurred: [FR Value] [no Final Redemption Amount will be payable and Physical Delivery will apply].

SUMMARY

Element	Title	
		(viii) "**Redemption (viii) – Knock-in Standard**" (A) If no Knock-in Event has occurred: [Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive)*] [no Final Redemption Amount will be payable and Physical Delivery will apply]; or (B) If a Knock-in Event has occurred: [Min [Constant Percentage 2; FR Value]][Constant Percentage 2] [Max [Floor Percentage; 100 per cent. - Leverage * Max [0 per cent; Strike Percentage + Leverage 2 * FR Value]]] [*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A)*][no Final Redemption Amount will be payable and Physical Delivery will apply]. (ix) "**Redemption (ix) - Knock-in Put Leverage**" (A) If no Knock-in Event has occurred: 100 per cent.; or (B) If a Knock-in Event has occurred: [Max [Floor Percentage; Constant Percentage Leverage * (Strike Percentage – FR Value)]] [no Final Redemption Amount will be payable and Physical Delivery will apply] (x) "**Redemption (x) – Barrier and Knock-in Standard**" (A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]: [100 per cent. + FR Additional Rate][*select and insert the Final Payout Formula from any one of* "*Redemption (i)*" to "*Redemption (iii) – Put*" (*inclusive*)][no Final Redemption Amount will be payable and Physical Delivery will apply]; or (B) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and no Knock-in Event has occurred: [Constant Percentage 1][se*lect and insert the Final Payout Formula from any one of* "*Redemption (i) to "Redemption (iii) – Put*" (*inclusive*); *for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or (C) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and a Knock-in Event has occurred: [Min [Constant Percentage 2; FR Value]][Constant Percentage 2] [Max [Floor Percentage; 100 per cent. - Leverage * Max [0 per cent; Strike Percentage + Leverage 2 * FR Value]]] [*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (C) may be different from the Final Payout Formula for any of the preceding paragraphs*][no Final Redemption Amount will be payable and Physical Delivery will apply]. (xi) "**Redemption (xi) – Barrier and Knock-in**"

SUMMARY

Element	Title	
		(A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]: [Constant Percentage 1]; or (B) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and no Knock-in Event has occurred: [Constant Percentage 2]; or (C) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and a Knock-in Event has occurred: [FR Value][no Final Redemption Amount will be payable and Physical Delivery will apply]. (xii) "**Redemption (xii) – Barrier and Knock-in Put Leverage**" (A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]: [Constant Percentage 1]; or (B) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and no Knock-in Event has occurred: [Constant Percentage 2]; or (C) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and a Knock-in Event has occurred: [Max [Floor Percentage; Constant Percentage - Leverage * (Strike Percentage – FR Value)]] [no Final Redemption Amount will be payable and Physical Delivery will apply] (xiii) "**Redemption (xiii) - Twin Win**" (*Insert the following if a cap is not applicable*) (A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]: Constant Percentage 1 + Max [Floor Percentage 1; Leverage 1 * (FR Value - Strike Percentage 1)]; or (B) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and no Knock-in Event has occurred: Constant Percentage 2 + Max [Leverage 2 * (Strike Percentage 2 - FR Value); Floor Percentage 2)]; or (C) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and a Knock-in Event has occurred: [Min [Constant Percentage 3; FR Value]][Constant Percentage 3][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive)*] [no Final Redemption Amount will be payable and Physical Delivery will apply]. (*Insert the following if a cap is applicable*) (A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]: Constant Percentage 1 + Min [Cap Percentage 1; Max [Floor Percentage 1; Leverage 1 * (FR Value - Strike Percentage 1)]]; or

SUMMARY

Element	Title	
		(B) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and no Knock-in Event has occurred: Constant Percentage 2 + Min [Cap Percentage 2; Max [Leverage 2 * (Strike Percentage 2 - FR Value); Floor Percentage 2]]; or (C) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and a Knock-in Event has occurred: [Min [Constant Percentage 3; FR Value]][Constant Percentage 3][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive)*][no Final Redemption Amount will be payable and Physical Delivery will apply]. (xiv) "**Redemption (xiv) - Himalaya**" $ConstantPercentage1 + Leverage * Max\left[\frac{1}{TotalM} * \sum_{i=1}^{M} Max[BestLockValue(i) - StrikePercentage(i); Local\ Floor\ Percentage(i)]; 0\right]$ (xv) "**Redemption (xv) - Booster**" (A) If the Final Redemption Condition is satisfied in respect of a ST Redemption Valuation Date[in the][ST Redemption Valuation Period]: Constant Percentage 1 + Max [0 per cent; Booster Percentage * (FR Value – Strike Percentage)]; or (B) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][in the][ST Redemption Valuation Period] and no Knock-in Event has occurred: Constant Percentage 2; or (C) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][in the] [ST Redemption Valuation Period] and a Knock-in Event has occurred: Min [Constant Percentage 3; FR Value] [no Final Redemption Amount will be payable and Physical Delivery will apply] (xvi) "**Redemption (xvi) - Bonus**" (A) If no Knock-in Event has occurred: Constant Percentage 1 + Max [Bonus Percentage; Leverage (FR Value –Strike Percentage)]; or (B) Otherwise: [FR Value][no Final Redemption Amount will be payable and Physical Delivery will apply] (xvii) "**Redemption (xvii) - Dual Currency Digital**" (A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period][and no Knock-in Event has occurred]: [Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive*)]; or (B) Otherwise: [Constant Percentage 2][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final*

SUMMARY

Element	Title	
		Payout Formula for paragraph (A)) [and the Settlement Exchange Rate Provisions] [and the SER Intermediate Currency Requirements] shall apply with respect to the payment of the Final Redemption Amount[.][which, for the avoidance of doubt shall be an amount equal to [*specify currency and amount*] per Calculation Amount]]. (xviii) "**Redemption (xviii) - Count Barrier Condition**" (A) If, in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period], the Count Barrier Condition has been satisfied on [specify][or more][or less] Observation Dates in respect of such [ST Redemption Valuation Date][ST Redemption Valuation Period], [Constant Percentage [1] [*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive)*][no Final Redemption Amount will be payable and Physical Delivery will apply];]; or (B) Otherwise: [zero][Constant Percentage [[*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A)*][no Final Redemption Amount will be payable and Physical Delivery will apply] (xviii) "**Redemption (xix) Accumulation**" $$\text{Max}\left[\text{Constant Percentage} + \sum_{i=1}^{T} \text{Ladder Value}(i); \text{Floor Percentage}\right]$$ ***Automatic Early Redemption*** If an Automatic Early Redemption Event occurs, then the Automatic Early Redemption Amount payable per Note of a nominal amount equal to the Calculation Amount will be any of the following: (1) If ST Automatic Early Redemption is specified in the Final Terms, then any of the two following formula shall be inserted and completed in Automatic Early Redemption Amount: (A) Calculation Amount * (AER Percentage + AER Additional Rate) (B) (i) If no Knock-in Event has occurred: Calculation Amount* [Constant Percentage 1] (ii) If a Knock-in Event has occurred: Calculation Amount* [Min [Constant Percentage 2; Leverage * FR Value] (2) If Target Automatic Early Redemption is specified in the Final Terms, the following formula shall be inserted and completed in the Automatic Early Redemption Amount: Calculation Amount * (100% + Final Interest Rate); For these purposes: "**Automatic Early Redemption Event**" means AER Value is [greater than][greater than or equal to][less than][less than or equal to], the Automatic Early Redemption Trigger [within] [outside] the Automatic Early Redemption Range] (*repeat as*

SUMMARY

Element	Title	
		necessary). **"Automatic Early Redemption Trigger"** means [*specify*] **"Automatic Early Redemption Range"** means [*specify*] *Optional Redemption* *If "Issuer Call Option" is specified as being applicable to the Notes in the Final Terms, insert:* **Redemption at the Option of the Issuer (Issuer Call)**: The Issuer may redeem all or some only of the Notes then outstanding on an Optional Redemption Date by giving prior notice to the Noteholders and Principal Paying Agent (in accordance with Condition 5(d)). Each Note shall be redeemed by payment of the Optional Redemption Amount(s) on the Optional Redemption Date, or determined on the Optional Redemption Valuation Date specified in the Final Terms, together, if appropriate, with interest accrued to (but excluding) the Optional redemption Date. *If "Noteholder Put Option" is specified as being applicable to the Notes in the Final Terms, insert:* **Redemption at the Option of the Noteholders (Noteholder Put)**: Upon the expiry of prior notice given by holder of any Note (in accordance with Condition 13), the Issuer will redeem in whole but not in part, subject to and in accordance with the terms specified in the Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in or, determined on the Optional Redemption Valuation Date specified in the Final Terms, together, if appropriate, with interest accrued to (but excluding) the Optional redemption Date. ***Entitlement Amounts*** Where physical delivery applies the Notes will be redeemed by delivery of the Entitlement Amount determined pursuant to Condition 6(a): (i) being a nominal amount of the Relevant Asset equal to [*specify*][the Aggregate Nominal Amount]; or (ii) determined as follows: (*Complete following provisions on the same basis as followed in completing the Final Terms on the basis of the Payout Conditions, completing terms and using suffixes where appropriate*) The Entitlement Amount will be rounded down to the nearest unit of each Relevant Asset capable of being delivered (the "**Equity Element**") and in lieu thereof the Issuer will pay a residual amount (the "**Residual Amount**") equal to: ***Credit Linked Notes*** The Notes are [Nth-to-Default][First-to-Default][Single Reference Entity][Non-Tranched Linear Basket][Non-Tranched Index][Tranched Linear Basket][Tranched Linear Basket][Tranched Index] Credit Linked Notes. [The proportion of the principal [and/or interest] that is credit linked is [*specify*][as expressed by the relevant [Credit Multiplier][Credit Event Reduction Factor] as applicable] Issuer will redeem the Notes and pay interest as provided above, subject to the credit linked provisions below. The Notes are [Nth-to-Default][First-to-Default][Single Reference Entity][Non-Tranched Linear Basket][Non-Tranched Index][Tranched Linear Basket][Tranched Index] Credit Linked Notes. This means that the occurrence of a Credit Event (as described below) will impact the Notes as set out in the remainder of this Element C.9. If a Credit Event ([as being set out in the Physical Settlement Matrix][a][bankruptcy[,]] [failure to pay[,]] [obligation acceleration[,]] [obligation default[,]] [repudiation/moratorium[,]] [governmental intervention[,]] [or] [restructuring] (*include all that apply*)], occurs in respect of the Reference Entity(ies) (being [*specify reference entity(ies)*] or any successor(s)), the Calculation Agent may determine that a Credit Event Determination Date has occurred. In this case:

SUMMARY

Element	Title	
		(*Insert if the relevant Notes are Nth-to-Default Credit Linked Notes*:) [credit linked settlement will not occur until this happens in respect of the Relevant Number of Reference Entities (being [*specify*]).] (*Insert if the relevant Notes are First-to-Default Credit Linked Notes*:) [credit linked settlement will occur on the first occasion this happens with respect to any Reference Entity.] (*Insert if the relevant Notes are Single Reference Entity Credit Linked Notes*:) [the Notes will be settled as described below.] (*Insert if the relevant Notes are Non-Tranched Linear Basket Credit Linked Notes or Non-Tranched Index Credit Linked Notes to which Credit Payment As You Go applies*:) [in respect of each relevant Credit Event the Issuer will pay a Credit Event Amount on the relevant Credit Event Payment Date]. (*Insert if the relevant Notes are Tranched Linear Basket Credit Linked Notes*:)[credit linked settlement will not occur until this happens in respect of a number that is greater than [*specify*] Reference Entities and thereafter each relevant Credit Event will further reduce amounts due in respect of the Notes.] (*Insert if the relevant Notes are Tranched Index Credit Linked Notes*:)[credit linked settlement will not occur until this happens in respect of an amount that is greater than [*specify*] and thereafter each relevant Credit Event will further reduce amounts due in respect of the Notes.] (*Insert for each of above types of Credit Linked Notes*:)[The Issuer will then pay the Credit Event Redemption Amount in respect of each Note on the Credit Event Redemption Date.] (*Insert if the relevant Notes are Non-Tranched Linear Basket Credit Linked Notes or Non-Tranched Index Credit Linked Notes to which Credit Payment As You Go applies*:)[provided that if a relevant Credit Event occurs and relevant procedures are followed in respect of each Reference Entity each Note will be redeemed at the final Credit Event Amount on the final Credit Event Payment Date.] (*Insert if the relevant Notes are Linear Basket Credit Linked Notes or Index Linked Notes*:)[In addition, interest on the Notes may be reduced or no longer paid depending on the [aggregate Reference Entity notional amounts of Reference Entities][number of Reference Entities] for which a relevant Credit Event has happened and relevant procedures are followed] Where: ["**Credit Event Amount**" means, a Note's pro rata share of the following amount (which may be zero): (RENA × FP – UC) where: "**RENA**" is the Reference Entity Notional Amount; "**FP**" is the Recovery Price; "**UC**" is Unwind Costs.] ["**Credit Event Payment Date**" means, in relation to any Credit Event Amount, [three] [*specify*] Business Days following [the calculation of the relevant Final Price] (*or insert for Zero/Set Recovery Notes*:) the Credit Event Determination Date.] [or such later date for payment determined under the Settlement Exchange Rate provisions.] "**Credit Event Redemption Amount**" means:

SUMMARY

Element	Title	
		(*insert the following in the case of Single Reference Entity Credit Linked Notes, First-to-Default Credit Linked Notes and Nth-to-Default Credit Linked Notes*:) an amount equal to each Note's pro rata share of: [(RENA × FP – UC)] + Protected Amount (*insert the following in the case of Non-Tranched Linear Basket Credit Linked Notes or Non-Tranched Index Credit Linked Notes to which Credit Payment on Maturity applies*:) an amount equal to each Note's pro rata share of: $\left[\left(\sum_{1\ldots n}^{n} \mathrm{RENA}_{u,i}\right) + \left(\sum_{1\ldots n}^{n} \mathrm{RENA}_{A,i} \times \mathrm{FP}_{A,i}\right) - \mathrm{UC}\right] + \text{Protected Amount}$ (*insert the following in the case of Non-Tranched Linear Basket Credit Linked Notes or Non-Tranched Index Credit Linked Notes to which Credit Payment As You Go applies*:) an amount equal to a Note's pro rata share of: $\left[\sum_{1\ldots n}^{n} \mathrm{RENA}_{u,i}\right] + \text{Protected Amount}$ (*insert the following in the case of Tranched Linear Basket Credit Linked Notes*:) an amount equal to each Note's *pro rata* share of: $\left[[\text{aggregate outstanding nominal amount} * \mathrm{CM}] * \left(1 - \left(\frac{1}{H-L}\right) * \mathrm{Min}[\mathrm{H} - \mathrm{L}; \mathrm{Max}\,[\mathrm{N} - \mathrm{L}; 0]]\right)\right] + \text{Protected Amount}$ (*insert the following in the case of Tranched Index Credit Linked Notes:*) an amount equal to each Note's *pro rata* share of: $\left[[\text{aggregate outstanding nominal amount} * \mathrm{CM}] * \left(1 - \left(\frac{1}{EP-AP}\right) * \mathrm{Min}[\mathrm{EP} - \mathrm{AP}\,; \mathrm{Max}\,[\mathrm{ALP} - \mathrm{AP}; 0]]\right)\right] + \text{Protected Amount}$ where: ["**RENA**" is the Reference Entity Notional Amount; "**$\mathrm{RENA}_{u,i}$**" is RENA in respect of any Reference Entity$_i$ for which a Credit Event has not occurred and relevant procedures are followed and which is zero for all other Reference Entities; "**$\mathrm{RENA}_{A,i}$**" is the RENA in respect of any Reference Entity$_i$ for which a Credit Event has occurred and relevant procedures are followed and which is zero for all other Reference Entities; "**Protected Amount**" means the amount stated in the Final Terms if specified as applicable; "**FP**" is the Recovery Price; "**ALP**" means the sum of the Reference Entity Weightings for each Reference Entity for which a Credit Event Determination Date has occurred; "**AP**" means the Attachment Point, being the number specified as such in the Final Terms; "**CM**" means 1 unless specified otherwise in the Final Terms; "**EP**" means the Exhaustion Point, being the number specified as such in the Final Terms;

SUMMARY

Element	Title	
		"**UC**" is Unwind Costs; "**n**" is the number of Reference Entities,]] ["**H**" is [*specify*]; "**L**" is [*specify*]; and "**N**" is the number of Reference Entities in respect of which a Credit Event Determination Date has occurred. In each case, in no event shall the Credit Event Redemption Amount be more than the nominal amount of the Notes multiplied by the Credit Multiplier (if applicable) or less than zero.] "**Credit Event Redemption Date**" means: (*insert where Tranched Linear Basket Credit Linked Notes or Tranched Index Credit Linked Notes:*)[the Maturity Date determined pursuant to the Credit Linked Conditions.] (*insert where other than Tranched Linear Basket Credit Linked Notes or Tranched Index Credit Linked Notes:*)[[(a)] [three] [*specify*] Business Days after (i) the calculation of the Final Price (ii) the auction settlement date or (iii) the Credit Event Determination Date as applicable [; or [(b)] (*insert where Non-Tranched Linear Basket Credit Linked Notes, Non-Tranched Index Credit Linked Notes or Zero/Set Recovery Notes or Maturity Credit Redemption applies only*:)[if later, the Maturity Date determined pursuant to the Credit Linked Conditions[.]] [or such later date for payment determined under the Settlement Exchange Rate provisions.]] ["**Recovery Price**" means the recovery amount [(expressed as a percentage)] determined by the Calculation Agent in respect of obligations of the relevant Reference Entity (*insert if the Notes are Zero/Set Recovery Notes*:)[which is deemed to be [*insert percentage*][zero]. [Such price will be determined by reference to [an auction settlement procedure organised by the ISDA, the International Swaps and Derivatives Association, Inc.] [or failing that] [dealer quotes obtained by the Calculation Agent]].] (*Insert if the relevant Securities are Reference Obligation Only Securities relating to a single Reference Entity*:)[If certain types of substitution events occur with respect to the Reference Obligation, then (*Insert if interest applies*:)[(i) interest shall cease to accrue on the Notes from and including the Interest Payment Date immediately preceding the relevant substitution event date or, if no Interest Payment Date has occurred, no interest will accrue on the Notes and (ii)] each Note will be redeemed at its relevant Reference Obligation Only Termination Amount which is [*specify amount*] on the [*specify*] Business Day following the relevant substitution event date.]
C.10	**Derivative component in the interest payments:**	[Not applicable – The Notes do not have a derivative component in the interest payment.] [Interest is payable on the Notes on the basis set out in Element **C.9** (*Payment Features*) above save that [the/each] rate of interest is [*specify*][determined as follows:] (*Worst Case Scenario:*)[In a worst case scenario the interest amount payable per [Note] [Calculation Amount] will be [*specify*] if [*specify*]]. (*Complete the following provisions on the same basis as followed in completing the Final Terms on the basis of the Payout Conditions e.g. completing terms and using suffixes or adding a table where appropriate*).

SUMMARY

Element	Title	
		(i) "**Rate of Interest (i)**" Coupon Value (i) * Leverage (i) (ii) "**Rate of Interest (ii)**" Rate (i) (iii) "**Rate of Interest (iii)**" Leverage (i) * Rate (i) + Spread (i) (iv) "**Rate of Interest (iv)**" Leverage (i) * Reference Spread (i) + Spread (i) (v) "**Rate of Interest (v)**" Previous Interest (i) + Spread (i) (vi) "**Rate of Interest (vi)**" Previous Interest (i) + Leverage (i) * Reference Item Rate (i) + Spread (i) (vii) "**Rate of Interest (vii)**" Leverage (i) * Coupon Value (i) + Spread (i) (viii) "**Rate of Interest (viii) - Call**" (*Insert the following if no cap or floor is applicable*) Leverage * (Coupon Value (i) – Strike Percentage) (*Insert the following if a floor is applicable*) Max [Floor Percentage; Leverage * (Coupon Value (i) – Strike Percentage)] (*Insert the following if a cap is applicable*) Min [Cap Percentage; Leverage * (Coupon Value (i) – Strike Percentage)] *(Insert the following if a cap and a floor is applicable)* Min [Cap Percentage; Max [Floor Percentage; Leverage * (Coupon Value (i) – Strike Percentage)]] (ix) "**Rate of Interest (ix) – Put**" (*Insert the following if no cap or floor is applicable*) Leverage * (Strike Percentage - Coupon Value (i)) (*Insert the following if a floor is applicable*) Max [Floor Percentage; Leverage * (Strike Percentage – Coupon Value (i))] (*Insert the following if a cap is applicable*) Min [Cap Percentage; Leverage * (Strike Percentage - Coupon Value (i))]] (*Insert the following if a cap and a floor are applicable*) Min [Cap Percentage; Max [Floor Percentage; Leverage * (Strike Percentage - Coupon Value (i))]] (x) "**Rate of Interest (x) - Range Accrual**" (*insert the following where interest accrual is calculated based on the number of days on which the Range Accrual Coupon Condition or Range Accrual Countdown Condition is satisfied*) (*insert the following if leverage and/or spread is applicable*) Leverage $(i) * \left(\text{Rate } (i) + \text{Spread } (i)\right) * {}^{n}/_{N}$ *(insert the following if no leverage and/or spread is applicable*)

SUMMARY

Element	Title	
		Rate (i) * n/N (*insert the following where interest accrual is calculated based on the number of days on which the Range Accrual Coupon Condition or Range Accrual Countdown Condition is satisfied but subtracting the number of days on which the Range Accrual Condition is not satisfied*) Leverage (i) $*$ $\left(\text{Rate (i)} + \text{Spread (i)}\right)$ * Max[0; (2n-N)/N] (xi) "**Rate of Interest (xi) - Call Participation**" (A) If Coupon Barrier Condition is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period]: [Coupon Value (i) * Leverage] [Min [Cap Percentage; Coupon Value (i) * Leverage]] [Max [Floor Percentage; Coupon Value (i) * Leverage]] [Max [Floor Percentage; Min [Cap Percentage; Coupon Value (i) * Leverage]]]; or (B) Otherwise, Zero. (xii) "**Rate of Interest (xii) - Digital One Barrier**" (A) If Coupon Barrier Condition is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period]: [Constant Percentage]; or (B) Otherwise: [zero] (xiii) "**Rate of Interest (xiii) - Digital One Barrier Standard**" (A) If Coupon Barrier Condition is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period] [Constant Percentage[1]] [*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive)*]; or (B) Otherwise: [zero][Constant Percentage [2]] [*select and insert the Interest Rate Payout Formula from one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (B) may be different from the Interest Rate Payout Formula for paragraph (A)*]. (xiv) "**Rate of Interest (xiv) - Strike Podium n Barriers**" (A) If Coupon Barrier Condition 1 is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period] [Constant Percentage 1][*select and insert the Interest Rate Payout formula from any one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive)*]; or (B) If Coupon Barrier Condition [2] is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period] and Coupon Barrier Condition [1] is not satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][and was not satisfied in any previous Interest Period]: [Constant Percentage 2] [*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (B) may be*

Element	Title	
		different from the Interest Rate Payout Formula for paragraph (A)]; or (C) Otherwise: [zero] [Constant Percentage 3] [*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (C) may be different from the Interest Rate Payout Formula for paragraph (A) and (B) respectively*]. (*The above provisions of paragraph (B) may be duplicated in case more than two Coupon Barrier Conditions apply)* (xv) "**Rate of Interest (xv) - Partial Memory**" (A) If Barrier Count Condition is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period]: Rate (i) + SumRate (i) * Leverage (i); or (B) Otherwise, zero. (xvi) "**Rate of Interest (xvi) - Memory**" (A) If Barrier Count Condition is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period]: Rate(i) + SumRate(i); or (B) Otherwise, zero. (xvii) "**Rate of Interest (xvii) - Call with Individual Caps**" $$Max\left[MinCoupon(i); \sum_{k=1}^{K}\left(RIWeighting(k) * Max\left[FloorPercentage(i); Min\left[CapPercentage(i); CouponValue(i,k)\right]\right]\right) - StrikePercentage(i)\right] + ConstantPercentage(i)$$ (xviii) "**Rate of Interest (xviii) - Cappuccino**" $$Max\left[MinCoupon(i); \sum_{k=1}^{K}\left(RIWeighting(k) * Max[FloorPercentage(i); CappuccinoBarrierValue(i,k)]\right) - StrikePercentage(i)\right] + ConstantPercentage(i)$$ (xix) "**Rate of Interest (xix) - Best Replace**" *(Insert the following if local floor is applicable)* $$Max\left[MinCoupon(i); \sum_{k=1}^{K}\left(RIWeighting(k) * Max[FloorPercentage(i); ModifiedValue(i,k)]\right) - StrikePercentage(i)\right]$$ *(Insert the following if local floor is not applicable)* $$Max\left[MinCoupon(i); \sum_{k=1}^{K}\left(RIWeighting(k) * \left(ModifiedValue(i,k) - StrikePercentage(i)\right)\right)\right]$$ (xx) "**Rate of Interest (xx) - Cliquet**" $$Max\left[\sum_{i=1}^{T}\left(Max\left[FloorPercentage(i); Min\left[CapPercentage(i); CouponValue(i)\right]\right]\right) - StrikePercentage, FloorPercentage1\right]$$ (xxi) "**Rate of Interest (xxi) - Cliquet Digital**" (A) If Cliquet Digital Performance is greater than Constant Percentage 1: Cliquet Digital Performance; or (B) If Cliquet Digital Performance is greater than or equal to Constant Percentage 2 and is less than or equal to Constant Percentage 1: Constant Percentage 1; or (C) If Cliquet Digital Performance is less than Constant Percentage 2:

SUMMARY

Element	Title	
		Constant Percentage 2. (xxii) "**Rate of Interest (xxii) - Cliquet Digital Lock in**" $Max\left[FloorLockin; \sum_{i=1}^{T}\left(Max\left[FloorPercentage(i); Min[CapPercentage(i); CouponValue(i)]\right]\right) - StrikePercentage; FloorPercentage1\right]$ (xxiii) "**Rate of Interest (xxiii) - Digital Coupon One Dual Condition**" (A) If Digital Coupon Condition is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period]: Rate A (i); or (B) Otherwise: Rate B (i). (xxiv) "**Rate of Interest (xxiv)** - **Digital Coupon Two Dual Conditions**" (A) If Digital Coupon Condition 1 is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period]: Rate A (i); or (B) If Digital Coupon Condition 1 is not satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was not satisfied in any previous Interest Period], but Digital Coupon Condition 2 is satisfied in respect of such [ST Coupon Valuation Date][ST Coupon Valuation Period]: Rate B (i); or (C) Otherwise: Rate C (i). (xxv) "**Rate of Interest (xxv) – TARN**" (A) In respect of each Interest Period other than the Target Final Interest Period: [*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive)*]; and (B) In respect of the Target Final Interest Period and provided that an Automatic Early Redemption Event has not occurred: Final Interest Rate. (xxvi) "**Rate of Interest (xxvi) – Ratchet**" Min [Cap Percentage; Max [Previous Interest(i); Rate(i)] (xxvii) "**Rate of Interest (xxvii) – Multiplier**" *(insert the following if a cap is applicable)* Min [Cap Percentage; Max [Floor Percentage, Multiplier Number * Constant Percentage]] (*insert the following if a cap is not applicable*) Max [Floor Percentage, Multiplier Number * Constant Percentage 2] (xxviii) "**Rate of Interest (xxviii) - Count Barrier Condition**" (A) If, in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period], the Count Barrier Condition has been satisfied on [*specify*][or more][or less] Observation Dates in respect of such [ST Coupon Valuation Date][ST Coupon Valuation Period]:

SUMMARY

Element	Title	
		[Constant Percentage [1] [*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive)*]; or (B) Otherwise: [zero][Constant Percentage [2]][*select and insert the Interest Rate Payout Formula from one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive)*; *for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (B) may be different from the Interest Rate Payout Formula for paragraph (A)*] (xxix) "**Rate of Interest (xxix) - Podium**" Rate(n) (xxx) "**Rate of Interest (xxx) - Compensation**" (A) If, in respect of the [ST Coupon Valuation Date][ST Coupon Valuation Period] falling on i=[*specify* [and i=[*specify*]], the Calculation Agent determines that the sum of the Rate of Interest "(*specify name of the applicable Rate of Interest*)" above for such [ST Coupon Valuation Date][ST Coupon Valuation Period] [and the [*specify*] preceding [ST Coupon Valuation Dates][ST Coupon Valuation Periods]] is [zero][*specify percentage*] then for each such [ST Coupon Valuation Date][ST Coupon Valuation Period] the Rate of Interest shall be: [Constant Percentage [1] [*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive)*]; or (B) Otherwise, for each such [ST Coupon Valuation Date][ST Coupon Valuation Period] the Rate of Interest shall be: [zero][Constant Percentage [2]][*select and insert the Interest Rate Payout Formula from one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (B) may be different from the Interest Rate Payout Formula for paragraph (A)*] (xxxi) **"Rate of Interest (xxxi) - Dual Currency Digital Coupon"** (A) If the Coupon Barrier Condition is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period] [Constant Percentage[1]] [*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive*]; or (B) Otherwise: [zero][Constant Percentage [2]] [*select and insert the Interest Rate Payout Formula from one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (B) may be different from the Interest Rate Payout Formula for paragraph (A)*] [and the Settlement Exchange Rate Provisions] [and the SER Intermediate Currency Requirements] shall apply with respect to the payment of the corresponding Interest Amount]. (xxxii) **"Rate of Interest (xxxii) - Partial Consolidation"** (A) If Coupon Barrier Condition is satisfied for the first time in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period]: Rate (i); or (B) If Coupon Barrier Condition was satisfied in any previous Interest

SUMMARY

Element	Title	
		Period: Leverage * Rate (i); or (C) Otherwise: [zero][Constant Percentage] (xxxiii) **"Rate of Interest (xxxiii) - Ulises"** (A) If Coupon Barrier Condition is satisfied for the first time in respect of a [ST Coupon Valuation Date]: Rate (i) * n; or (B) If Coupon Barrier Condition was satisfied in any previous Interest Period: Leverage * Rate (i); or (C) Otherwise: [zero][Constant Percentage] (xxxiv) "**Rate of Interest (xxxiv) – Leonidas Range Accrual**" [Min [Max [Floor Percentage(i), Leonidas Coupon (i),], Cap Percentage(i)] (xxxv) "**Rate of Interest (xxxv) – Leonidas**" [Min [Max [Floor Percentage(i), Leonidas Rate (i),], Cap Percentage(i)] (xxxvi) **"Rate of Interest (xxxvi) – Branch"** *(insert if a cap is applicable)* Min [Max [BranchA(i), Branch B(i)]; Cap Percentage(i)] *(insert if a floor is applicable)* Max [Min [BranchA(i),Branch B(i)]; Floor Percentage(i)] (xxxvii) **"Rate of Interest (xxxvii) – Multiple Reverse"** [Min [Max [Floor Percentage(i). Constant Percent(i) - Leverage (i) *(Highest Basket Closing Value(i) - Lowest Basket Closing Value(i)], Cap Percentage(i)]
C.11	**Listing and admission to trading:**	Notes issued under the Programme may be listed and admitted to trading on the regulated market of Euronext Dublin or such other stock exchange or market located outside Spain as may be agreed between the Issuer and the relevant Dealer and specified in the Final Terms. (*Delete this paragraph when preparing an issue specific summary*) (***Issue specific summary:***) [Application [has been][is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of [Euronext Dublin][*specify*].]
C.15	**Description of how the value of the Note is affected by the value of the underlying asset:**	(*Issue specific summary - this Element* C.15 *only to be included where the Securities are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended):*) [The [Interest Amount/[s] and]/ Final Redemption Amount / [Optional Redemption Amount] [and] [Automatic Early Redemption Amount] [or Entitlement] ([in each case,] if any) payable in respect of the Notes [is/are] calculated by reference to the relevant underlying set out in Element **C.20** (*A description of the type of the underlying and where the information of the underlying can be found*) below. Please also see Element **C.9** (*Payment Features*) [and Element **C.10** (*Derivative*

SUMMARY

Element	Title	
		component in the interest payments)]. These Notes are derivative securities and their value may go down as well as up. [*Insert description of how the value of the Notes is affected by the value of the relevant Reference Item(s)*].] **(***Include the following paragraph where the Notes are Reference Item Linked Notes***)** [The Notes are securities with a high degree of risk, because they can incorporate complex structures and their performance may be linked to the performance of, without limitation, one or more, or a combination of, underlying shares or depositary receipts, indices, rates of interest, other rates, foreign exchange rates, exchange traded fund shares, funds, inflation indices and/or entities ("**Reference Item Linked Notes**"). Amounts payable (whether in respect of principal and/or interest) or deliverable will be dependent upon the performance of the Reference Item, or a combination of Reference Items, which themselves may contain substantial credit, interest rate, foreign exchange, correlation, time value, political and/or other risks. These risks include, among other things, the possibility that the holder of a Reference Item Linked Note could lose all or a substantial portion of the principal of such Note (whether payable at maturity or upon redemption or repayment), and that no interest may be payable on such Notes.]
C.16	**Maturity date of the Notes:**	(*Issue specific summary - this Element* **C.16** *only to be included where the Notes are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended):*) [The Maturity Date of the Notes is [*specify*][, subject to adjustment]].]
C.17	**Settlement procedure of derivative securities:**	The Notes will be settled on the applicable Maturity Date [or relevant delivery date] at the relevant amount per Note. (*For the purposes of the Issue specific summary, this Element* **C.17** *only to be included where the Securities are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended)*)
C.18	**Return on derivative securities:**	(*Issue specific summary - this Element* **C.18** *only to be included where the Notes are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended):*) [The principal return is illustrated in Element **C.9** (*Payment Features*) above.] [The interest return is illustrated in Element **C.10** (*Derivative component in the interest payments*) above.] [These Notes are derivative securities and their value may go down as well as up.]
C.19	**Final reference price of the underlying:**	(*Issue specific summary - this Element* **C.19** *only to be included where the Notes are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended)*:) [The final reference price of the underlying described in Element **C.20** (*A description of the type of the underlying and where the information of the underlying can be found*) below shall be determined on the date(s) for valuation specified in Element **C.9** (**Payment Features**) above subject to adjustment including that such final valuation may occur earlier in some cases.] [The Notes are Credit Linked Notes.]
C.20	**A description of the type of the underlying and where the**	*The underlying may be an index or basket of indices, a share or basket of shares, a depositary receipt or a basket of depositary receipts, an inflation index or a basket of inflation indices, an exchange traded fund share or a basket of exchange traded fund shares, a fund share or a basket of fund shares, a foreign exchange (fx) rate or basket of*

SUMMARY

Element	Title	
	information of the underlying can be found:	*foreign exchange (fx) rates, the credit of a specified entity or entities or any combination thereof.* *(Issue specific summary - this Element* **C.20** *only to be included where the Notes are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended)]:*) [*List Reference Item(s) in each case followed by:* [See [Bloomberg] [Reuters] Screen *[specify]* page] [*specify*]].]

Section D – Risks

Element	Title	
D.2	**Key risks regarding the Issuer and the Guarantor:**	In purchasing Notes, investors assume the risk that the Issuer and the Guarantor may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer and the Guarantor becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer and the Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's and the Guarantor's control. The Issuer and the Guarantor have identified a number of factors which could materially adversely affect their businesses and ability to make payments due under the Notes. These factors include: **Risk Factors relating to the Issuer** • The Issuer is dependent on the Guarantor to make payments on the Notes. • Certain considerations in relation to the forum upon insolvency of the Issuer. **Risk Factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee** **Macroeconomic Risks** • Economic conditions in the countries where the Group operates could have a material adverse effect on the Group's business, financial condition and results of operations. • Since the Guarantor's loan portfolio is highly concentrated in Spain, adverse changes affecting the Spanish economy could have a material adverse effect on its financial condition. • The Group may be adversely affected by political events in Catalonia. • Any decline in the Kingdom of Spain's sovereign credit ratings could adversely affect the Group's business, financial condition and results of operations. • The Group may be materially adversely affected by developments in the emerging markets where it operates. • The Group may be adversely affected by the United Kingdom’s planned exit from the European Union. • The Group’s business could be adversely affected by global political developments, particularly with regard to U.S. policies that affect Mexico. • The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by asset impairment..

SUMMARY

Element	Title	
		• Exposure to the real estate market makes the Group vulnerable to developments in this market. **Legal, Regulatory and Compliance Risks** • The Group is subject to substantial regulation and regulatory and governmental oversight. Changes in the regulatory framework could have a material adverse effect on its business, results of operations and financial condition. • Increasingly onerous capital requirements may have a material adverse effect on the Guarantor's business, financial condition and results of operations. • Bail-in and write-down powers under the BRRD and the SRM Regulation may adversely affect the Group's Business and the value of any securities it may issue. • Any failure by the Guarantor and/or the Group to comply with its MREL could have a material adverse effect on the Guarantor's business, financial condition and results of operations. • Increased taxation and other burdens imposed on the financial sector may have a material adverse effect on BBVA's business, financial condition and results of operations. • Contributions for assisting in the future recovery and resolution of the Spanish banking sector may have a material adverse effect on the Guarantor's business, financial condition and results of operations. • Regulatory developments related to the EU fiscal and banking union may have a material adverse effect on the Guarantor′s business, financial condition and results of operations. • The Group's anti-money laundering and anti-terrorism policies may be circumvented or otherwise not be sufficient to prevent all money laundering or terrorism financing. • The Group is exposed to risk in relation to compliance with anti-corruption laws and regulations and sanctions programmes. • Local regulation may have a material effect on the Guarantor′s business, financial condition, results of operations and cash flows. • Reform of LIBOR and EURIBOR and Other Interest Rate, Index and Commodity Index "Benchmarks". • European Market Infrastructure Regulation and Markets in Financial Instruments Directive. • The Group is party to a number of legal and regulatory actions and proceedings. • The Guarantor may be affected by actions that are incompatible with the Group's ethics and compliance standards and by the Group's failure to timely detect or remedy any such actions. **Liquidity and Financial Risks** • BBVA has a continuous demand for liquidity to fund its business activities. BBVA may suffer during periods of market-wide or firm-specific liquidity constraints, and liquidity may not be available to it even if its underlying business remains strong. • Withdrawals of deposits or other sources of liquidity may make it more difficult or costly for the Group to fund its business on favourable terms or cause the Group to take other actions or even linked to the exercise of any Spanish Bail-in Power.

SUMMARY

Element	Title	
		• Implementation of internationally accepted liquidity ratios might require changes in business practices that affect the profitability of the Guarantor's business activities. • The Group's businesses are subject to inherent risks concerning borrower and counterparty credit quality which have affected and are expected to continue to affect the recoverability and value of assets on the Group's balance sheet. • The Group's business is particularly vulnerable to volatility in interest rates. • The Group has a substantial amount of commitments with personnel considered wholly unfunded due to the absence of qualifying plan assets. • BBVA and certain of its subsidiaries are dependent on their credit ratings and any reduction of their credit ratings could materially and adversely affect the Group's business, financial condition and results of operations. • Highly-indebted households and corporations could endanger the Group's asset quality and future revenues. • The Group depends in part upon dividends and other funds from subsidiaries. **Business and Industry Risks** • The Group faces increasing competition in its business lines. • The Group faces risks related to its acquisitions and divestitures. • The Group's ability to maintain its competitive position depends significantly on its international operations, which expose the Group to foreign exchange, political and other risks in the countries in which it operates, which could cause an adverse effect on its business, financial condition and results of operations. **Reporting and Other Financial and Operational Risks** • Weaknesses or failures in the Group's internal processes, systems and security could materially adversely affect its business , financial condition and results of operations, and could result in reputational damage. • The financial industry is increasingly dependent on information technology systems, which may fail, may not be adequate for the tasks at hand or may no longer be available. • The Group faces security risks, including denial of service attacks, hacking, social engineering attacks targeting its partners and customers, malware intrusion or data corruption attempts, and identity theft that could result in the disclosure of confidential information, adversely affect its business or reputation, and create significant legal and financial exposure. • The Group could be the subject of misinformation. • BBVA's financial statements are based in part on assumptions and estimates which, if inaccurate, could cause material misstatement of the results of its operations and financial position. • The Group's financial results regulatory capital and ratios may be negatively affected by changes to accounting standards.
D.3	**Key risks regarding the Notes:**	There are a number of risks associated with an investment in the Notes. These risks include: (*Delete such of the following bullet points as are not applicable when preparing an issue specific summary*) • Notes may be redeemed prior to their scheduled maturity.

SUMMARY

Element	Title	
		• Claims of Holders under the Notes are effectively junior to those of certain other creditors. • Spanish Tax Rules may impose withholding tax in certain circumstances (subject to certain exceptions) and neither the Issuer nor the Guarantor is obliged to pay additional amounts in such event. • The procedure for provision of information described in the Base Prospectus is a summary only. • The conditions of the Notes contain provisions which may permit their modification without the consent of all investors. • If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return. • The Issuer of the Notes may be substituted without the consent of the Noteholders. • The Guarantor of the Notes may be substituted without the consent of the Noteholders. • The Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could significantly adversely affect their return on the Notes. • The value of the Notes could be adversely affected by a change in English law or administrative practice. • Reliance on DTC, Euroclear and Clearstream, Luxembourg procedures. • Credit ratings assigned to the Issuer, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes. **Risks relating to the structure of particular Notes** • Investors may lose the original invested amount. • The relevant market value of the Notes at any time is dependent on other matters in addition to the credit risk of the Issuer and Guarantor and the performance of the relevant Reference Item(s). • If a Reference Item Linked Note includes Market Disruption Events or Failure to Open of an Exchange and the Calculation Agent determines such an event has occurred, any consequential postponement of the Strike Date, Valuation Date, Observation Date or Averaging Date may have an adverse effect on the Notes. • There are risks associated with Notes where denominations involve integral multiples. • There are risks associated with Physically Settled Notes. • There are risk associated with CREST Depositary Interest. • There are risks associated with Notes to which Variation of Settlement applies. • Noteholders may be required to pay certain expenses in relation to Physically Settled Notes. • There are certain requirements to be fulfilled and payments to be made by the Holder in order to receive Entitlement(s) in connection with Physically Settled

SUMMARY

Element	Title	
		Notes and the Issuer may decide to settle by way of cash payment instead in certain circumstances. • If the Notes are distributed by means of a public offer, in certain circumstances the Issuer may have the right to withdraw or revoke the offer. • If an investor holds Notes which are not denominated in the investor's home currency, that investor will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes. • There are certain considerations associated with Notes linked to Emerging Markets. • Where the Notes are denominated in an emerging market currency or linked to one or more emerging market currencies, such emerging market currencies can be significantly more volatile than currencies of more developed markets. • Notes may be denominated in one currency and settled in another currency. • The value of Fixed Rate Notes may be adversely affected by movements in market interest rates. • There are risks associated with leveraged exposures. • There may be risks associated with any hedging transactions the Issuer enters into. • There are risks related to Implicit Yield Notes. **Generic Risk Factors that are associated with Notes that are linked to Reference Item(s)** • There are risks relating to Reference Item Linked Notes. • It may not be possible to use the Notes as a perfect hedge against the market risk associated with investing in a Reference Item. • There may be regulatory consequences to the Noteholder of holding Reference Item Linked Notes. • There are specific risks with regard to Notes with a combination of Reference Items. • A Noteholder does not have rights of ownership in the Reference Item(s). • The past performance of a Reference Item is not indicative of future performance. **There are a number of risks associated with Notes that are linked to one or more specific types of Reference Items** • There are specific risks relating to Index Linked Notes. • There are specific risks relating to Equity Linked Notes. • There are specific risks relating to Inflation Linked Notes. • There are specific risks relating to Fund Linked Notes and ETF Linked Notes. • There are specific risks relating to Credit Linked Notes. • There are specific risks relating to Foreign Exchange (FX) Rate Linked Notes. • Notes which are issued at a substantial discount of premium may experience price volatility in response to changes in market interest rates.

SUMMARY

Element	Title	
		• There are specific risks with regard to Floating Rate Notes. **Market Factors** • An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes. • There may be price discrepancies with respect to the Notes as between various dealers or other purchasers in the secondary market. **Potential Conflicts of Interest** • The Issuer, the Guarantor and their respective affiliates may take positions in or deal with Reference Item(s). • The Calculation Agent, which will generally be the Guarantor or an affiliate of the Guarantor, has broad discretionary powers which may not take into account the interests of the Noteholders. • The Issuer and/or the Guarantor may have confidential information relating to the Reference Item and the Notes. • The Guarantor's securities may be/form part of a Reference Item. • Potential conflicts of interest relating to distributors or other entities involved in the offer or listing of the Notes. **Calculation Agent powers should be considered**
D.6	**Risk warning:**	(*Issue specific summary - this Element* **D.6** *only to be included where the Securities are derivative securities for the purpose of Commission Regulation (EC) No. 809/2004 (as amended):*) [See **D.3** ("*Key risks regarding the Notes*") above.] [Investors may lose the entire value of their investment or part of it in the event of the insolvency of the Issuer or if it is otherwise unable or unwilling to repay the Notes when repayment falls due [or as a result of the performance of the relevant Reference Item(s)] (*include where the Notes are not capital protected*).]

Section E – Offer

Element	Title	
E.2b	**Use of proceeds:**	The net proceeds from each issue of Notes will be deposited with the Guarantor. The net proceeds from each issue will be used for loans and/or investments.
E.3	**Terms and conditions of the offer:**	If so specified in the Final Terms, the Notes may be offered to the public in a Non-exempt Offer in one or more specified non-exempt offer jurisdictions. The terms and conditions of each offer of Notes will be determined by agreement between the Issuer and the relevant Dealers at the time of issue and specified in the Final Terms. An Investor intending to acquire or acquiring any Notes in a Non-exempt Offer from an Authorised Offeror will do so, and offers and sales of such Notes to an Investor by such Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocations and settlement arrangements. (*Delete this and the preceding paragraph when preparing an issue specific summary*)

SUMMARY

Element	Title	
		(*Issue specific summary:*) [Not applicable] [This issue of Notes is being offered in a Non-exempt Offer in [*specify particular country/ies*].] (*In case of Non-exempt Offer, when completing, the details of the terms and conditions under which the public offer is being made shall be summarised here*)
E.4	**Interest of natural and legal persons involved in the issue/offer:**	*(Description of any interest, including conflicting interest, that is material to the issue/offer, detailing the persons involved and the nature of the interest. This may be satisfied by the inclusion of the following statement:)* Save for any fee paid to the Dealer (if applicable, such fee shall as be set out below) and/or any fee or inducement paid to the distributor (if any), so far as the Issuer is aware no person involved in the offer of the Notes has an interest material to the offer. For specific and detailed information on the nature and quantity of the fee or inducement paid to the distributor (if any) the investor should contact the distributor. Dealer commission: [*Specify*]/[Not applicable]
E.7	**Expenses charged to the investor by the Issuer:**	*(Issue specific summary:)* [No expenses are being charged to an investor by the Issuer.] [For this specific issue, however, expenses may be charged by [*specify*] [an Authorised Offeror (as defined above)] in the range between [*specify*] per cent. and [*specify*] per cent. of the nominal amount of the Notes to be purchased by the relevant investor.]]

RISK FACTORS

In purchasing Notes, investors expose themselves to the risk that the Issuer and the Guarantor may become insolvent, subject to early intervention or resolution measures, or otherwise be unable to make all payments due in respect of the Notes. Each of the Issuer and the Guarantor believe that the following factors may affect their ability to fulfil their obligations under Notes issued under the Programme. Most 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.

The Issuer and the Guarantor believe 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 otherwise perform its obligations in connection with any Notes may occur for other reasons which may not be considered significant risks by either the Issuer or the Guarantor based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Prospective investors in the Notes should consider carefully, among other things in the light of their financial circumstances and investment objectives, all of the information in this Base Prospectus and, in particular, the risk factors set forth below (which each of the Issuer and the Guarantor, in its reasonable opinion, believes represent or may represent the risk factors known to it which may affect the Issuer's and/or the Guarantor's ability to fulfil its obligations under the Notes) in making an investment decision. Noteholders may lose the value of their entire investment in certain circumstances.

References herein to "BBVA" or to the "Bank" shall be read and construed as references to the Guarantor.

The Risk Factors set out below appear under the following headings:

1. Risk Factors relating to the Issuer.
2. Risk Factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee.
3. Risk Factors relating to the Notes.
4. Risks relating to the structure of particular Notes.
5. Generic Risks Factors that are associated with Notes that are linked to Reference Item(s).
6. Risks Factors associated with Notes that are linked to one or more specific types of Reference Items.
7. Market Factors.
8. Potential Conflicts of Interest.
9. Calculation Agent Powers.

RISK FACTORS

1. Risk Factors relating to the Issuer

The Issuer is dependent on the Guarantor to make payments on the Notes

The Issuer is a wholly-owned subsidiary of the Guarantor which was established for the purpose of, among others, issuing Notes and on-lending the proceeds within the Group. The Issuer is therefore dependent upon other members of the Group paying interest on and repaying their loans in a timely fashion. Should the Guarantor fail to pay interest on or repay any loan in a timely fashion this will have a material adverse effect on the ability of the Issuer to fulfil its obligations under Notes issued under the Programme.

By virtue of its dependence on the Guarantor, each of the risks described below that affect the Guarantor will also indirectly affect the Issuer.

Certain considerations in relation to the forum upon insolvency of the Issuer

In the event of insolvency of the Issuer, the court having jurisdiction to open insolvency proceedings and the law applicable to those proceedings and their effects will be determined in accordance with the provisions of Council Regulation (EC) No 848/2015, of 20 May 2015, on insolvency proceedings ("**Regulation 848/2015**"), the Spanish Insolvency Law 22/2003, of 9 July 2003, as amended (the "Spanish Insolvency Law") and the Dutch Insolvency Law (faillissementswet) of 30 September 1893, as most recently amended on 13 March 2008 (the "Dutch Insolvency Law"). Pursuant to these provisions, the courts of the place where the Issuer has its centre of main interests shall have jurisdiction to open insolvency proceedings against it and the law applicable to the insolvency proceedings and their effects will be the law of the place where such proceedings are opened.

Under Regulation 848/2015 the centre of main interests should correspond to the place where the debtor conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. In the case of a company or legal person, Regulation 848/2015 presumes, in the absence of proof to the contrary, that the place of its registered office is the centre of its main interests. Based on this presumption a Dutch court may consider that it has jurisdiction to open insolvency proceedings against the Issuer. Notwithstanding this presumption, it is arguable that the centre of main interests of the Issuer should be considered to be located in Spain and that the Spanish courts should be the courts with jurisdiction to open insolvency proceedings against it. In addition, even if the centre of main interests of the Issuer were not in Spain, the Spanish court could still open insolvency proceedings (named territorial insolvency proceedings) if they consider that the Issuer has an establishment within the territory of Spain, the effects of which would be limited to the assets of the Issuer situated in Spain.

Noteholders should be aware that, in accordance with the above, in the case of an eventual insolvency of the Issuer, there is uncertainty as to whether the insolvency proceedings would be opened in the Netherlands or in Spain.

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

Macroeconomic Risks

Economic conditions in the countries where the Group operates could have a material adverse effect on the Group's business, financial condition and results of operations

Despite the sustained recent growth of the global economy, uncertainty remains. The deterioration of economic conditions in the countries where the Group operates could adversely affect the cost and availability of funding for the Group, the quality of the Group's loan and investment securities portfolios and levels of deposits and profitability, which may also require the Group to take impairments on its exposures or otherwise adversely affect the Group's business, financial condition and results of operations. In addition, the process the Group uses to estimate losses inherent in its credit exposure requires complex judgments, including forecasts of economic conditions and how these economic conditions might impair the ability of its borrowers to repay their loans.

The degree of uncertainty concerning economic conditions may adversely affect the accuracy of the Group's estimates, which may, in turn, affect the reliability of the process to determine and the sufficiency of the Group's loan loss provisions.

The Group faces, among others, the following economic risks:

- weak economic growth or recession in the countries where it operates;

- changes in the institutional environment in the countries where it operates could evolve into sudden and intense economic downturns and/or changes;
- a global trade war triggered by increasing tariffs and non-tariff barriers between the main economic blocks. The increase in trade barriers might adversely affect global trade flows both directly and indirectly, through the increase in financial volatility and the decrease in confidence levels of businesses and households, which could trigger an intense global economic slowdown or even a recession;
- deflation, mainly in Europe, or significant inflation, such as the significant inflation recently experienced by Venezuela and Argentina and, to a lesser extent, Turkey;
- changes in foreign exchange rates resulting in changes in the reported earnings of the Group's subsidiaries, particularly in Venezuela and Argentina, together with the relevant impact on profits, assets (including risk-weighted assets) and liabilities;
- a lower interest rate environment, or even a prolonged period of negative interest rates in some areas where the Group operates, which could lead to decreased lending margins and lower returns on assets;
- a higher interest rate environment, including as a result of an increase in interest rates by the Federal Reserve or any further tightening of monetary policies, including to address potential inflationary pressures and currency devaluations in Latin America, which could endanger economic growth and make it more difficult for customers of the Group's mortgage and consumer loan products to service their debts;
- adverse developments in the real estate market, especially in Spain, Mexico, the United States and Turkey, given the Group's exposures to such markets;
- poor employment growth and structural challenges restricting employment growth, such as in Spain, where unemployment has remained relatively high, which may negatively affect household income levels of the Group's retail customers and may adversely affect the recoverability of the Group's retail loans, resulting in increased loan loss provisions;
- substantially lower oil prices, which could particularly affect producing areas, such as Venezuela, Mexico, Texas or Colombia, to which the Group is materially exposed or, conversely, substantially higher oil prices, which could have a negative impact on disposable income levels in oil consuming areas, such as Spain or Turkey, where the Group is also materially exposed;
- changes in laws, regulations and policies as a result of election processes in the different geographies in which the Group operates, which may negatively affect the Group's business or customers in those geographies and other geographies in which the Group operates;
- the potential exit by an EU Member State from the European Monetary Union, which could materially adversely affect the European and global economy, cause a redenomination of financial instruments or other contractual obligations from the euro to a different currency and substantially disrupt capital, interbank, banking and other markets, among other effects;
- the possible political, economic and regulatory impacts related to the United Kingdom's proposed withdrawal from the European Union; and
- an eventual government default on or restructuring of public debt, which could affect the Group primarily in two ways: directly, through portfolio losses (the Group's exposure to public debt is mainly focused on Spain, Mexico, The United States and Turkey, which together amounted €106,175 million, equivalent to 15.7 per cent. of the Group's consolidated total assets), and indirectly, through instabilities that a default on or restructuring of public debt could cause to the banking system as a whole, particularly since commercial banks' exposure to government debt is generally high in several countries in which the Group operates.

For additional information relating to certain risks that the Group faces in Spain, see *"—Since the Group's loan portfolio is highly concentrated in Spain, adverse changes affecting the Spanish economy could have a material adverse effect on its financial condition"*. For additional information relating to certain risks that the Group faces in emerging

market economies such as Latin America and Turkey, see *"—The Group may be materially adversely affected by developments in the emerging markets where it operates"*.

Any of the above risks could have a material adverse effect on the Group's business, financial condition and results of operations.

Since the Group's loan portfolio is highly concentrated in Spain, adverse changes affecting the Spanish economy could have a material adverse effect on its financial condition

The Group has historically developed its lending business in Spain, which continues to be one of the main focuses of its business so that, as of 31 December 2018, the total risks in financial instruments in Spain reached 279,880 million euros, equivalent to 37.1 per cent. of the total risks that the Group had in financial instruments (equivalent to 775,369 million euros, see Appendix XII c) "Additional information on Risk Concentration" of the Annual Report). After rapid economic growth until 2007, Spanish gross domestic product ("**GDP**") contracted in the period 2009-10 and 2012-13. The effects of the financial crisis were particularly pronounced in Spain given its heightened need for foreign financing as reflected by its high current account deficit, resulting from the gap between domestic investment and savings, and its public deficit. The current account imbalance has been corrected and the public deficit is in a downward trend, with GDP growth above 3 per cent. in 2015, 2016 and 2017, falling to 2.5 per cent. in 2018, and unemployment falling to 15.3 per cent, in 2018. While GDP growth is expected to remain positive in the next years, there is uncertainty regarding the sustainability of external growth as well as doubts over Spain's economic policy. Real or perceived difficulties in servicing public or private debt, triggered by foreign or domestic factors such as an increase in global financial risk or a decrease in the rate of domestic growth, could increase Spain's financing costs, hindering economic growth, employment and households' gross disposable income.

As of 31 December 2018, the amount of loans and advances to consumers of the Group in Spain was 169,856 million euros, representing 45 per cent. of the total amount of loans and advances to consumers that appeared in the consolidated balance sheet of the Group. As of 31 March 2019 and 31 December 2018, the Group's Non-performing loan ratio (APM) was 3.9 per cent., compared to 4.6 per cent., 4.9 per cent. and 5.4 per cent. as of 31 December 2017, 2016 and 2015, respectively.

The Spanish economy is particularly sensitive to economic conditions in the Eurozone, the main market for Spanish goods and services exports. Accordingly, adverse changes in economic conditions in the Eurozone might have an adverse effect on Spanish economic growth. Given the relevance of the Group's loan portfolio in Spain, any adverse changes affecting the Spanish economy could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may be adversely affected by political events in Catalonia

The Group's Spanish business includes extensive operations in Catalonia. Although actions carried out by the Spanish Government have helped diminish the level of uncertainty in the region resulting from its pro-independence movement, regional elections carried out in December 2017 resulted in pro-independence parties winning the majority of seats. As of the date of this Base Prospectus, there is still significant uncertainty regarding the outcome of political and social tensions in Catalonia, which could result in volatile capital markets and other financing conditions in Spain or otherwise adversely affect the environment in which the Group operates in Catalonia and the rest of Spain, any of which could have an adverse effect on the Group's business, liquidity, financial condition and results of operations.

Any decline in the Kingdom of Spain's sovereign credit ratings could adversely affect the Group's business, financial condition and results of operations

Since BBVA is a Spanish company with substantial operations in Spain, its credit ratings may be adversely affected by the assessment by rating agencies of the creditworthiness of the Kingdom of Spain. As a result, any decline in the Kingdom of Spain's sovereign credit ratings could result in a decline in BBVA's credit ratings.

In addition, the Group holds a substantial amount of securities issued by the Kingdom of Spain, autonomous communities within Spain and other Spanish issuers. Any decline in the Kingdom of Spain's credit ratings could adversely affect the value of the Kingdom of Spain's and other public or private Spanish issuers' respective securities held by the Group in its various portfolios or otherwise materially adversely affect the Group's business, financial condition and results of operations. Furthermore, the counterparties to many of the Group's loan agreements could be similarly affected by any decline in the Kingdom of Spain's credit ratings, which could limit their ability to raise

additional capital or otherwise adversely affect their ability to repay their outstanding commitments to the Group and, in turn, materially and adversely affect the Group's business, financial condition and results of operations.

As of 31 December 2018, the Group's exposure to the public debt portfolio of the Kingdom of Spain was 48,473 million euros (see Appendix XII a) "Additional information on Risk Concentration" of the Annual Report), representing 7 per cent. of the consolidated total assets of the Group (compared to 7 per cent. at 31 December 2017 and 6 per cent. at 31 December 2016).

The Group may be materially adversely affected by developments in the emerging markets where it operates

The economies of some of the emerging markets where the Group operates, mainly Latin America and Turkey, experienced significant volatility in recent decades, characterised, in some cases, by slow or declining growth, declining investment, volatile interest rates, volatile currency values, hyperinflation and political tension.

Emerging markets are generally subject to greater risks than more developed markets. For example, there is typically a greater risk of loss in operating in emerging markets from unfavourable political and economic developments, both global and domestic, social and geopolitical instability, changes in economic policies (such as monetary, fiscal and macroprudential policies) or governmental decisions, including expropriation, nationalisation, international ownership legislation, interest-rate caps, restrictions on business practices such as on commissions that can be charged, currency and exchange controls and tax policies and political unrest. In Argentina, where the Guarantor operates through BBVA Banco Francés S.A. ("**BBVA Banco Francés**"), and Turkey, where the Guarantor operates through Turkiye Garanti Bankasi ("**Garanti**"), have recently experienced significant exchange rate volatility (for example, the Argentine peso lost a significant portion of its value against the U.S. dollar during the course of 2018), rapidly-increasing interest rates and deteriorating economic conditions, which have adversely affected the Group's operations in such countries and the value of the related assets and liabilities when translated into euros.

In addition, emerging markets are affected by conditions in other related markets and in global financial markets generally (such as U.S. interest rates and the U.S. dollar exchange rate) and some are particularly affected by commodities price fluctuations, which in turn may affect financial market conditions through exchange rate fluctuations, interest rate volatility and deposits volatility. Despite sustained global economic growth, there are increasing risks of deterioration that might be triggered by a full-blown trade war, geopolitical events or changes in the financial risk appetite of emerging markets. If global economic conditions deteriorate, the business, financial condition, operating results and cash flows of BBVA's subsidiaries in emerging economies, mainly in Latin America and Turkey, may be materially adversely affected. Hyperinflation in Argentina had a negative impact of €266 million in the "*Profit attributable to parent company*" for 2018. For additional information, see Note 2.2.20 to the consolidated financial statements of the Guarantor for the year ended 31 March 2018.

Furthermore, financial turmoil in any particular emerging market could negatively affect other emerging markets or the global economy in general. Financial turmoil in a particular emerging market tends to adversely affect exchange rates, stock prices and debt securities prices of other emerging markets as investors move their money to more stable and developed markets, and may reduce liquidity to companies located in the affected markets. An increase in the perceived risks associated with investing in emerging economies in general, or the emerging markets where the Group operates in particular, could dampen capital flows to such economies and adversely affect such economies.

In addition, any changes in laws, regulations and policies pursued by the U.S. Government may adversely affect the emerging markets in which the Group operates, particularly Mexico due to the trade and other ties between Mexico and the United States. See "*The Group's business could be adversely affected by global political developments, particularly with regard to U.S. policies that affect Mexico*".

As of 31 December 2018 and 31 December 2017: (i) the Group's total assets corresponding to the South American operating segment were, 52,385 and 74,636 million euros, respectively, representing 7.7 per cent. and 10.8 per cent. of the Group's total assets, respectively; (ii) the Group's total assets in the Turkish business segment were, 66,250 and 78,694 million euros, respectively, representing 9.8 per cent. and 11.4 per cent. of the Group's total assets, respectively (see Note 6 "Operating segment reporting" of the Annual Report) and (iii) the Group's total assets corresponding to the business segment in Mexico were, 96,455 and 94,061 million euros, respectively, representing 14.3 per cent. and 13.6 per cent. of the Group's total assets, respectively.

If economic conditions in the emerging market economies where the Group operates deteriorate, the Group's business, financial condition and results of operations could be materially adversely affected.

The Group may be adversely affected by the United Kingdom's planned exit from the European Union

In a referendum held in the United Kingdom on 23 June 2016, a majority of those voting voted for the United Kingdom to leave the European Union (referred to as "**Brexit**"). On 29 March 2017, the United Kingdom gave formal notice under Article 50 of the Treaty on European Union officially notifying the European Union of its decision to withdraw

from the European Union, which began a statutory two-year period during which officials from the United Kingdom and the European Union have been negotiating the terms of the United Kingdom's withdrawal from, and future relationship with, the European Union (the "**Article 50 Withdrawal Agreement**"). No agreement was reached and approved by the relevant parties on 29 March 2019 and thus on 10 April 2019, this date was extended to 31 October 2019, with a review to be held on 30 June 2019. As part of those negotiations, a transitional period has been agreed in principle which would extend the application of European Union law and provide for continuing access to the European Union single market, until the end of 2020. Any future extensions of this period must be approved unanimously by all member states of the European Union. It remains uncertain whether the Article 50 Withdrawal Agreement will be finalised and ratified by the U.K. and the EU. If no agreement is reached and approved by 31 October 2019, and no extension is agreed, the United Kingdom would automatically leave the European Union and EU laws and regulations would cease to apply to the United Kingdom on such date unless the United Kingdom revokes its formal notice under Article 50 of the Treaty on European Union.

As of the date of this Base Prospectus, the United Kingdom remains a member of the European Union. However, Brexit has already affected and could continue to adversely affect European and/or worldwide economic and market conditions and could continue to contribute to instability in the global financial markets. The long-term effects of Brexit will depend in part on whether the UK Parliament approves an agreement negotiated with the Council of the European Union, whether the United Kingdom leaves the European Union with no agreement in place (referred to as a "**hard Brexit**"), or whether the United Kingdom ultimately remains a member of the European Economic Area or the European Union, as a result of a second referendum, new UK elections or otherwise.

The Group currently maintains a branch in the United Kingdom, had 126 employees in the United Kingdom as of 31 December 2018, has significant cross-border outstandings with the United Kingdom, primarily with banks and other financial institutions, as well as sovereign risk exposure of €51 million as of 31 December 2018, and has a 39.06 per cent. stake in the UK digital bank Atom Bank plc. In addition to its effects on the European and global economy and financial markets, Brexit, and in particular a hard Brexit, could impair or otherwise limit the Group's ability to transact business in the United Kingdom or elsewhere. In addition, the Group expects that Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which European Union laws to replicate or replace. If the United Kingdom were to significantly alter its regulations affecting the banking industry, the Group could face significant new costs and compliance difficulties as it may be time-consuming and expensive for the Group to alter the Group's internal operations in order to comply with new regulations. In addition, the Group may face challenges in the recruitment and mobility of employees as well as adverse effects from fluctuations in the value of the pound sterling that may directly or indirectly affect the value of any assets of the Group, including those assets, and their respective risk-weighted assets, denominated in such currency. Moreover, it is possible that Brexit, particularly a hard Brexit, could cause a recession in the United Kingdom as well as in the European Union, including in Spain. Due to the ongoing political uncertainty as regards the terms of the United Kingdom's possible withdrawal from the European Union and their future relationship, the precise impact on the business of the Group is difficult to determine. Any of the above or other effects of Brexit could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's business could be adversely affected by global political developments, particularly with regard to U.S. policies that affect Mexico

Changes in economic, political and regulatory conditions in the United States or in U.S. laws and policies governing foreign trade and foreign relations could create uncertainty in the international markets and could have a negative impact on the Mexican economy and public finances. This correlation is due, in part, to the high level of economic activity between the two countries generally, including the trade facilitated by the North American Free Trade Agreement ("**NAFTA**"), as well as due to their physical proximity.

Following the U.S. elections in November 2016 and the change in the U.S. administration for the four-year period from 2017 to 2020, there is uncertainty regarding future U.S. policies with respect to matters of importance to Mexico and its economy, including trade and immigration. In particular, since 16 August 2017, the U.S. administration has been renegotiating the terms of NAFTA with its Mexican and Canadian counterparts, and on 30 November 2018 the United States, Mexico and Canada signed the United States-Mexico-Canada Agreement (the "**USMCA**"). While the United States, Mexico and Canada have agreed the terms of USMCA, NAFTA currently remains in effect. In the United States, USMCA can come into effect only following the completion of the procedures required by the U.S. Trade Promotion Authority, including a Congressional vote on an implementing bill. USMCA will also need to be approved by the legislatures of Canada and Mexico. As such, there remains significant uncertainty as to whether USMCA will be ratified in its current form, or at all.

Because the Mexican economy is heavily influenced by the U.S. economy, the re-negotiation or termination of NAFTA and/or the adoption of USMCA or other U.S. government policies may adversely affect economic conditions in Mexico. Any decision taken by the U.S. administration that has an impact on the Mexican economy, such as by reducing the levels of remittances, reducing commercial activity among the two countries or slowing direct foreign investment in Mexico, could adversely affect the Group's business, financial condition and results of operations.

U.S. immigration policies could also affect trade and other relations between Mexico and the United States and have other consequences for Mexican government policies. These factors could have an impact on Mexico's GDP growth, the exchange rate between the U.S. dollar or euro and the Mexican peso, levels of foreign direct investment and portfolio investment in Mexico, interest rates, inflation and the Mexican economy generally, which in turn, may have an impact on the Group's business, financial condition and results of operations.

The Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by asset impairment

Regulatory, business, economic or political changes and other factors could lead to asset impairment.

Severe market events such as the past sovereign debt crisis, rising risk premiums and falls in share market prices, have resulted in the Group recording large write-downs on its credit market exposures in recent years. Several factors could further depress the valuation of the Group's assets or otherwise lead to the impairment of such assets (including goodwill and deferred tax assets). Current political processes such as the implementation of Brexit, which may result in the United Kingdom leaving the European Union, the surge of populist trends in several European countries, increased trade tensions or potential changes in U.S. economic policies implemented by the U.S. administration, could increase global financial volatility and lead to the reallocation of assets. Doubts regarding the asset quality of European banks also affected their evolution in the market in recent years. In addition, uncertainty about China's growth expectations and its policymaking capability to address certain severe challenges has contributed to the deterioration of the valuation of global assets and further increased volatility in the global financial markets. Additionally, in dislocated markets, hedging and other risk management strategies may not be as effective as they are in more normal market conditions due in part to the decreasing credit quality of hedge counterparties. Any deterioration in economic and financial market conditions could lead to further impairment charges and write-downs. In addition, the Group may be required to derecognise deferred tax assets if it believes it is unable to use them over the period for which the deferred tax assets remain deductible.

Exposure to the real estate market makes the Group vulnerable to developments in this market

While the Group has recently taken several steps to reduce its exposure to the real estate market in Spain (see *"Description of BBVA – Non-Core Real Estate"),* the Group has a relevant exposure to the real estate market, mainly in Spain (see APPENDIX XII b) "Additional information on Risk Concentration" of the Annual Report"). As of 31 December 2018, 2017 and 2016, the group's exposure to the construction and real estate sectors in Spain amounted to 11,045, 11,981 and 15,285 million euros, respectively, of which 3,183, 5,224 and 7,930 million euros, respectively corresponded to construction loan risks and real estate development activities (representing, respectively, 1.7 per cent., 2.9 per cent. and 5 per cent. of the Group's loans and advances to consumers in the Spanish balance sheet of the Group - excluding the public sector- and at 0.5 per cent., 0.8 per cent. and 1.1 per cent. of the Group's consolidated assets, respectively) and it continues to be exposed to the real estate market due to the fact that real estate assets secure many of its outstanding loans and due to the significant amount of real estate assets held on its balance sheet and its stakes in real estate companies such as Metrovacesa, S.A. and Divarian Propiedad, S.A. Any deterioration of real estate prices could materially and adversely affect the Group's business, financial condition and results of operations.

The total real estate exposure, including the developer loan, foreclosed assets and other assets, reflected a coverage rate of 53 per cent. at the end of 2018 (see Management Report attached to the Annual Report section "Business areas", "Non-core Real Estate").

Legal, Regulatory and Compliance Risks

In addition to the risk factors set forth below, see "—Liquidity and Financial Risks—Implementation of internationally accepted liquidity ratios might require changes in business practices that affect the profitability of the Guarantor's business activities".

RISK FACTORS

The Group is subject to substantial regulation and regulatory and governmental oversight. Changes in the regulatory framework could have a material adverse effect on its business, results of operations and financial condition

The financial services industry is among the most highly regulated industries in the world. In response to the global financial crisis and the European sovereign debt crisis, governments, regulatory authorities and others have made and continue to make proposals to reform the regulatory framework for the financial services industry to enhance its resilience against future crises. Legislation has already been enacted and regulations issued as a consequence of some of these proposals. The regulatory framework for financial institutions is likely to undergo further significant change. This creates significant uncertainty for the Group and the financial industry in general. The wide range of recent actions or current proposals includes, among other things, provisions for more stringent regulatory capital and liquidity standards, restrictions on compensation practices, special bank levies and financial transaction taxes, recovery and resolution powers to intervene in a crisis including "bail-in" of creditors, separation of certain businesses from deposit taking, stress testing and capital planning regimes, heightened reporting requirements and reforms of derivatives, other financial instruments, investment products and market infrastructures.

In addition, the supervisory framework has been intensified, in conjunction with the increased emphasis on the regulatory framework, such that the new institutional structure in Europe for supervision, with the creation of the single supervisory mechanism (the "**SSM**"), and for resolution, with the single resolution mechanism (the "**SRM**"), is changing the regulatory and supervisory framework (see "*—Regulatory developments related to the EU fiscal and banking union may have a material adverse effect on the Guarantor's business, financial condition and results of operations*"). The specific effects of a number of new laws and regulations remain uncertain because the drafting and implementation of these laws and regulations are still ongoing. In addition, since some of these laws and regulations have been recently adopted, the manner in which they are applied to the operations of financial institutions is still evolving. No assurance can be given that laws or regulations will be enforced or interpreted in a manner that will not have a material adverse effect on the Group's business, financial condition, results of operations and cash flows. In addition, regulatory scrutiny under existing laws and regulations has become more intense.

Furthermore, regulatory and supervisory authorities have substantial discretion in how to regulate and supervise banks, and this discretion, and the means available to regulators and supervisors, have been steadily increasing during recent years. Regulation may be imposed on an ad hoc basis by governments and regulators in response to a crisis, and these may especially affect financial institutions that are deemed to be systemically important (including global systemically important banks ("**G-SIBs**") and institutions deemed to be of local systemic importance, domestic systemically important banks ("**D-SIBs**"), such as BBVA).

In addition, local regulations in certain jurisdictions where the Group operates differ in a number of material respects from equivalent regulations in Spain or the United States. Changes in regulations may have a material adverse effect on the Group's business, results of operations and financial condition, particularly in Mexico, the United States, Turkey, Venezuela and Argentina. Furthermore, regulatory fragmentation, with some countries implementing new and more stringent standards or regulation, could adversely affect the Group's ability to compete with financial institutions based in other jurisdictions which do not need to comply with such new standards or regulation. In addition, financial institutions which are based in other jurisdictions, including the United States, could benefit from any deregulation efforts implemented in such jurisdictions. Moreover, to the extent recently adopted regulations are implemented inconsistently in the various jurisdictions in which the Group operates, the Group may face higher compliance costs.

Any required changes to the Group's business operations resulting from the legislation and regulations applicable to such business could result in significant loss of revenue, limit the Group's ability to pursue business opportunities in which the Group might otherwise consider engaging, affect the value of assets that the Group holds, require the Group to increase its prices and therefore reduce demand for its products, impose additional costs on the Group or otherwise adversely affect the Group's businesses. For example, the Group is subject to substantial regulation relating to liquidity. Future liquidity standards could require it to maintain a greater proportion of its assets in highly liquid but lower-yielding financial instruments, which would negatively affect its net interest margin. Moreover, the Group's regulators, as part of their supervisory function, periodically review the Group's allowance for loan losses. Such regulators may require the Group to increase its allowance for loan losses or to recognise further losses. Any such additional provisions

for loan losses, as required by these regulators whose views may differ from those of the Group's management, could have an adverse effect on the Group's earnings and financial condition.

Adverse regulatory developments or changes in government policy relating to any of the foregoing or other matters could have a material adverse effect on the Group's business, results of operations and financial condition.

Increasingly onerous capital requirements may have a material adverse effect on the Guarantor's business, financial condition and results of operations

As a Spanish credit institution, the Guarantor is subject to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (as amended, replaced or supplemented from time to time, the "**CRD IV Directive**"), through which the EU began implementing the Basel III capital reforms, with effect from 1 January 2014, with certain requirements being phased in until 1 January 2019. The core regulation regarding the solvency of credit institutions is Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (as amended, replaced or supplemented from time to time, the "**CRR**" and, together with the CRD IV Directive and any measures implementing the CRD IV Directive or the CRR which may from time to time be applicable in Spain, the "**CRD IV**"), which is complemented by several binding regulatory technical standards, all of which are directly applicable in all EU Member States, without the need for national implementation measures. The implementation of CRD IV Directive into Spanish law took place through Royal Decree-Law 14/2013, of November 29, Law 10/2014, of June 26, on the organisation, supervision and solvency of credit institutions ("**Law 10/2014**"), Royal Decree 84/2015, of February 13 ("**RD 84/2015**"), Bank of Spain Circular 2/2014, of January 31 and Bank of Spain Circular 2/2016, of February 2 (the "**Bank of Spain Circular 2/2016**"). On 23 November 2016, the European Commission published a package of proposals with further reforms to CRD IV, Directive 2014/59/EU, of 15 May establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended, replaced or supplemented from time to time, the "**BRRD**") and Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No. 1093/2010 (as amended, replaced or supplemented from time to time, the "**SRM Regulation**"), including measures to increase the resilience of EU institutions and enhance financial stability. On 25 May 2018, the Council of the European Union published the Presidency compromise proposals relating to the European Commission's package of proposals referred to above and on 25 and 28 June 2018, the European Parliament Committee on Economic and Monetary Affairs published reports containing its proposed amendments to the European Commission's package of proposals. The final political agreement between the European Parliament and the Council on these reforms was published on 15 February 2019 (the European Commission's package of proposals together with the Presidency compromise proposals, the proposed amendments of the European Parliament and such final political agreement, the "**EU Banking Reforms**"). The timing for the final implementation of these reforms as at the date of this Base Prospectus is unclear.

CRD IV, among other things, established minimum "Pillar 1" capital requirements and increased the level of capital required by means of a "combined buffer requirement" that entities must comply with from 2016 onwards. The "combined buffer requirement" introduced five new capital buffers: (i) the capital conservation buffer, (ii) the G-SIB buffer, (iii) the institution-specific countercyclical buffer, (iv) the D-SIB buffer, and (v) the systemic risk buffer (a buffer to prevent systemic or macro prudential risks). The "combined buffer requirement" applies in addition to the minimum "Pillar 1" capital requirements and is required to be satisfied with common equity tier 1 ("**CET1**") capital.

The G-SIB buffer applies to those institutions included on the list of G-SIBs, which is updated annually by the Financial Stability Board (the "**FSB**"). The Guarantor was excluded from this list with effect from 1 January 2017 and so, unless otherwise indicated by the FSB (or the Bank of Spain) in the future, it will no longer be required to maintain a G-SIB buffer.

The Bank of Spain announced on 21 November 2018 that the Guarantor continues to be considered a D-SIB and is required to maintain a fully-loaded D-SIB buffer of a CET1 capital ratio of 0.75 per cent. on a consolidated basis.

The Bank of Spain agreed in December 2015 to set the countercyclical capital buffer applicable to credit exposures in Spain at 0 per cent. from 1 January 2016. This percentage is revised each quarter. The Bank of Spain agreed in December 2018 to maintain the countercyclical capital buffer at 0 per cent. for the first quarter of 2019. As of the date of this Base Prospectus, the countercyclical capital buffer applicable to the Group stands at 0.01 per cent. and relates to the Group's exposures in other jurisdictions.

The Bank of Spain has greater discretion in relation to the determination of the institution-specific countercyclical buffer, the buffer for D-SIBs and the systemic risk buffer. With the entry into force of the SSM on November 4, 2014, the European Central Bank (the "**ECB**") has the ability to provide certain recommendations in this respect and potentially increase such buffers.

Moreover, Article 104 of the CRD IV Directive, as implemented by Article 68 of Law 10/2014, and similarly Article 16 of Council Regulation (EU) No. 1024/2013 of 15 October 2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions (the "**SSM Regulation**"), also contemplates that in addition to the minimum "Pillar 1" capital requirements and the combined buffer requirements, supervisory authorities may impose further "Pillar 2" capital requirements (above "Pillar 1" requirements and below the combined buffer requirements) to cover other risks, including those not considered to be fully captured by the minimum "own funds" "Pillar 1" requirements under CRD IV or to address macro-prudential considerations.

Furthermore, the ECB is required, under Regulation (EU) No. 468/2014 of the ECB of 16 April 2014 establishing the framework for cooperation within the Single Supervisory Mechanism between the ECB and national competent authorities and with national designated authorities (the "**SSM Framework Regulation**"), to carry out a supervisory review and evaluation process (the "**SREP**") of BBVA and the Group at least on an annual basis.

In addition to the above, the European Banking Authority (the "**EBA**") published on 19 December 2014 its final guidelines for common procedures and methodologies in respect of the SREP (the "**EBA SREP Guidelines**"). Included in the EBA SREP Guidelines were the EBA's proposed guidelines for a common approach to determining the amount and composition of additional "Pillar 2" own funds requirements to be implemented from 1 January 2016. In accordance with these guidelines, national supervisors should set the composition of the capital instruments required to comply with the "Pillar 2" requirement, so that at least 56 per cent. of the "Pillar 2" requirement is covered with CET1 capital and at least 75 per cent. with Tier 1 capital, as has also been provided in the EU Banking Reforms. The EBA SREP Guidelines and the EU Banking Reforms also contemplate that national supervisors should not set additional own funds requirements in respect of risks which are already covered by the "combined buffer requirement" and/or additional macro-prudential requirements. On 19 July 2018, the EBA published its final guidelines aimed at further enhancing institutions' risk management and supervisory convergence in respect of SREP. These guidelines focus on stress testing, particularly its use in setting "Pillar 2" capital guidance and the level of interest rate risk.

Any additional "Pillar 2" own funds requirement that may be imposed on the Guarantor and/or the Group by the ECB pursuant to the SREP will require the Guarantor and/or the Group to hold capital levels above the minimum "Pillar 1" capital requirements.

As a result of the most recent SREP carried out by the ECB, the Guarantor received a communication from the ECB pursuant to which they are required to maintain, as from 1 March 2019 on a consolidated basis, a CET1 capital ratio of 9.26 per cent. (8.53 per cent. on an individual basis) and a total capital ratio of 12.76 per cent. (12.03 per cent. on an individual basis).

This total capital requirement (on a consolidated basis) includes: (i) the minimum CET1 requirement under Pillar 1 (4.5 per cent.); (ii) the Additional Tier 1 capital (AT1) requirement under Pillar 1 (1.5 per cent.); (iii) the tier 2 capital requirement under Pillar 1 (2 per cent.); (iv) the CET1 capital requirement under Pillar 2 (1.5 per cent.), which remains unchanged since the prior SREP; (v) the capital conservation buffer (2.5 per cent. of CET1); (vi) the Other Systemic Important Institution buffer (OSII) (0.75 per cent. of CET1); and (vii) the countercyclical capital buffer (0.01 per cent. of CET1).

As of 31 December 2018, the Guarantor's phased-in total capital ratio was 15.71 per cent. on a consolidated basis and 22.07 per cent. on an individual basis. As of 31 December 2018 the Guarantor's CET1 phased-in capital ratio was 11.58 per cent. on a consolidated basis and 17.45 per cent. on an individual basis. Such ratios exceed the applicable regulatory requirements described above, but there can be no assurance that the total capital requirements imposed on the Guarantor and/or the Group from time to time may not be higher than the levels of capital available at such point in time. There can also be no assurance as to the result of any future SREP carried out by the ECB and whether this will impose any further "Pillar 2" additional own funds requirements on the Guarantor and/or the Group.

Additionally, on 1 February 2019, the Guarantor announced its new CET1 fully-loaded capital target, consisting of a CET1 ratio within the range between 11.5 per cent. and 12 per cent. on a consolidated basis, and which the Guarantor expects to achieve by 2019 year-end. No assurance can be given that the Guarantor will achieve this target. Any failure by the Guarantor to maintain a consolidated CET1 capital ratio in line with its CET1 fully-loaded capital target could adversely affect the market price or value or trading behavior of any securities issued by the Guarantor (and, in particular, any of its capital instruments) and ultimately lead to the imposition of further "Pillar 2" guidance or requirements.

On 15 March 2018, the ECB further published the ECB's supervisory expectations for prudent levels of provisions for non-performing loans ("**NPLs**"). This was published as an addendum (the "**Addendum**") to the ECB's guidance to banks on non-performing loans published on 20 March 2017, which clarified the ECB's supervisory expectations regarding the identification, management, measurement and write-off of NPLs. The ECB states that the Addendum sets out what it deems to be a prudent treatment of NPLs with the aim of avoiding an excessive build-up of non-covered aged NPLs on banks' balance sheets in the future, which would require supervisory measures.

The ECB states that it will assess any differences between banks' practices and the prudential provisioning expectations laid out in the Addendum at least annually and will link the supervisory expectations in the Addendum to new NPLs classified as such from 1 April 2018 onwards. Banks will be asked to inform the ECB of any differences between their practices and the ECB's prudential provisioning expectations, as part of the SREP supervisory dialogue, from early 2021 onwards. Ultimately this could result in the ECB requiring banks to apply specific adjustments to own funds calculations where the accounting treatment applied by the bank is considered not prudent from a supervisory perspective, which could in turn impact on the capital position of the relevant bank. The supervisory expectations set out in the Addendum are expected to be reflected in the proposed amendments to the CRR as part of the EU Banking Reforms, which could impact the minimum coverage levels required for newly originated loans that become non-performing, requiring banks to increase their provisioning for future NPLs.

Furthermore, the EU Banking Reforms propose new requirements that capital instruments should meet in order to be considered as Additional Tier 1 instruments or Tier 2 instruments, including certain grandfathering measures. To the extent any of these new requirements are not subject to a grandfathering or exemption regime for those Additional Tier 1 instruments and/or Tier 2 instruments already in issue at the time such new requirements are implemented, such instruments could be subject to regulatory uncertainties on their inclusion as capital. This may lead to regulatory capital shortfalls and ultimately a breach of the applicable minimum regulatory capital requirements.

Any failure by the Guarantor and/or the Group to comply with its "Pillar 1" minimum regulatory capital ratios, any "Pillar 2" additional own funds requirements and/or any "combined buffer requirement" could result in the imposition of restrictions or prohibitions on "discretionary payments" by the Guarantor as discussed below or administrative actions or sanctions, which, in turn, may have a material adverse effect on the Group's results of operations.

According to Article 48 of Law 10/2014, Article 73 of RD 84/2015 and Rule 24 of Bank of Spain Circular 2/2016, any entity not meeting its "combined buffer requirement" is required to determine its Maximum Distributable Amount ("**MDA**") as described therein. Until the MDA has been calculated and communicated to the Bank of Spain, where applicable, the relevant entity shall not make any (i) distributions relating to CET1 capital, (ii) payments in respect of variable remuneration or discretionary pension revenues and (iii) distributions relating to Additional Tier 1 instruments ("**discretionary payments**") and, once the MDA has been calculated and communicated to the Bank of Spain, any such discretionary payments by that entity will be subject to such MDA limit.

Furthermore, as set forth in Article 48 of Law 10/2014, the adoption by the Bank of Spain of the measures prescribed in Articles 68.2.h) and 68.2.i) of Law 10/2014, aimed at strengthening own funds or limiting or prohibiting the distribution

of dividends respectively will also result in a requirement to determine the MDA and restrict discretionary payments to such MDA. Pursuant to the EU Banking Reforms, the calculation of the MDA and the consequences thereof, as well as the restrictions specified in the paragraph above while such calculation is pending, could also be triggered by a breach of MREL (as defined herein) (see "*—Any failure by the* Guarantor *and/or the Group to comply with its MREL could have a material adverse effect on the* Guarantor*'s business, financial condition and results of operations"* below) or a breach of the minimum leverage ratio requirement.

As set out in the "Opinion of the European Banking Authority on the interaction of Pillar 1, Pillar 2 and combined buffer requirements and restrictions on distributions" published on 16 December 2015 (the "**December 2015 EBA Opinion**"), in the EBA's opinion competent authorities should ensure that the CET1 capital to be taken into account in determining the CET1 capital available to meet the "combined buffer requirement" for the purposes of the MDA calculation is limited to the amount not used to meet the "Pillar 1" and, if applicable, "Pillar 2" own funds requirements of the institution. There can be no assurance as to how and when binding effect will be given to the December 2015 EBA Opinion in Spain, including as to the consequences for an institution of its capital levels falling below those necessary to meet these requirements. The EU Banking Reforms propose certain amendments in order to clarify, for the purposes of restrictions on distributions, the hierarchy between the "Pillar 2" additional own funds requirements, the minimum "own funds" "Pillar 1" requirements, the own funds and eligible liabilities requirement, MREL and the "combined buffer requirements" (which is referred to as "stacking order"). In particular, no distinction is proposed to be made where discretionary payments are restricted to the MDA between distributions relating to CET1 capital or payments in respect of variable remuneration or discretionary pension revenues, and payments due on Additional Tier 1 instruments.

On 1 July 2016, the EBA published additional information explaining how supervisors should use the results of the 2016 EU-wide stress test for SREP assessments. The EBA stated, among other things, that the incorporation of the quantitative results of the EU-wide stress test into SREP assessments may include setting additional supervisory monitoring metrics in the form of capital guidance. Such guidance will not be included in MDA calculations but competent authorities would expect banks to meet that guidance except when explicitly agreed. Competent authorities have remedial tools if an institution refuses to follow such guidance. The EU Banking Reforms also propose that a distinction be made between "Pillar 2" capital requirements and "Pillar 2" capital guidance, with only the former being mandatory requirements. Notwithstanding the foregoing, the EU Banking Reforms propose that, in addition to certain other measures, supervisory authorities be entitled to impose further "Pillar 2" capital requirements where an institution repeatedly fails to follow the "Pillar 2" capital guidance previously imposed.

The ECB has also confirmed in its recommendation of 7 January 2019 on dividend distribution policies that credit institutions should establish dividend policies using conservative and prudent assumptions in order, after any distribution, to satisfy the applicable capital requirements and the outcomes of the SREP.

Any failure by the Guarantor and/or the Group to comply with its regulatory capital requirements could also result, among other things, in the imposition of further "Pillar 2" requirements and the adoption of any early intervention or, ultimately, resolution measures by resolution authorities pursuant to Law 11/2015 of June 18 on the Recovery and Resolution of Credit Institutions and Investment Firms (*Ley 11/2015 de 18 de junio de recuperación y resolución de entidades de crédito y empresas de servicios de inversión*), as amended, replaced or supplemented from time to time ("**Law 11/2015**"), which, together with Royal Decree 1012/2015 of November 16 by virtue of which Law 11/2015 is developed and Royal Decree 2606/1996 of 20 December on credit entities' deposit guarantee fund is amended (as amended, replaced or supplemented from time to time, "**RD 1012/2015**"), has implemented the BRRD into Spanish law. See *"—Bail-in and write-down powers under the BRRD and the SRM Regulation may adversely affect the Group's business and the value of any securities it may issue"* below.

On 2 November 2018, the EBA, in cooperation with the ECB and the European Systemic Risk Board (the "**ESRB**"), published the results of its 2018 EU-wide stress test of 48 European banks, including the Guarantor. This assessment was based on the participating banks' consolidated balance sheets as of 31 December 2017. The stress test examined the resilience of banks against two separate scenarios – a baseline scenario and an adverse scenario during a three-year period beginning on 31 December 2017 and ending on 31 December 2020. Under both scenarios, the CET1 fully-loaded ratios, among other measures, of participating banks were analyzed over that period to understand bank

sensitivities under prescribed stressed economic conditions. The baseline scenario was provided by the ECB and reflected macroeconomic forecasts prevailing as of 31 December 2017. The adverse scenario was prepared by the ESRB in collaboration with the ECB and the EBA and represented a severe economic downturn. As the stress test used the Guarantor's consolidated balance sheet as of 31 December 2017, it did not take into account subsequent business strategies and management actions, including the sale of the Guarantor's 68.2 per cent. stake in Banco Bilbao Vizcaya Argentaria Chile, S.A. to The Bank of Nova Scotia group on 6 July 2018 or the agreement with the subsidiary of Cereberus Capital Management, L.P. ("**Cereberus**") under which the Guarantor sold 80 per cent. of its stake in the joint venture to Cereberus. The stress test is not a forecast of the Guarantor's profits and does not include a defined pass/fail threshold. Instead, it was utilised by the SREP carried out by the ECB in 2018. Under the stress test, the Guarantor's starting CET1 fully-loaded ratio as of 31 December 2017 was restated from 11.04 per cent. to 10.73 per cent. as a result of the implementation of IFRS 9. Under the baseline scenario, the Guarantor's CET1 fully-loaded ratio increases 1.99 basis points to 12.72 per cent. as of 31 December 2020, and under the adverse scenario the Guarantor's CET1 fully-loaded ratio decreases 1.93 basis points to 8.8 per cent. as of 31 December 2020.

At its meeting of 12 January 2014, the oversight body of the Basel Committee on Banking Supervision ("**BCBS**") endorsed the definition of the leverage ratio set forth in CRD IV, to promote consistent disclosure, which applied from 1 January 2015. As of the date of this Base Prospectus, there is no applicable regulation in Spain which establishes a specific leverage ratio requirement for credit institutions. However, the EU Banking Reforms propose a binding leverage ratio requirement of 3 per cent. of Tier 1 capital that is added to an institution's own funds requirements and that an institution must meet in addition to its risk based requirements. In particular, any breach of this leverage ratio could also result in a requirement to determine the MDA and restrict discretionary payments to such MDA, as well as trigger the restrictions referred to above while such calculation is pending.

The following table includes a summary of the reconciliation of the accounting assets and the exposures corresponding to the leverage ratio as of 31 December 2018:

Summary table of accounting assets and leverage ratio exposure conciliation	31/12/2018 ***Phase-In***	31/12/2018 ***Fully Loaded***
a) Total assets as per published financial statements	676,689	676,689
b) Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	(19,326)	(19,326)
c) Adjustments for derivative financial instruments	(7,410)	(7,410)
d) Adjustments for securities financing transactions "SFTs"	2,949	2,949
e) Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures) (1)	61,409	61,409
f) (Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	-	-
g) Other adjustments	(9,012)	(10,080)
Total leverage ratio exposure	**705,299**	**704,231**
h) Tier 1	45,947	45,047
Total leverage ratio exposures	705,299	704,231
Leverage ratio	**6.51%**	**6.40%**

(1) This corresponds to off-balance sheet exposure after application of the conversion factors obtained in accordance with Article 429, paragraph 10 of the CRR.

In addition, on 7 December 2017 the BCBS announced the finalised Basel III reforms (informally referred to as Basel IV). These reforms include changes to the risk weightings applied to different assets and measures to enhance the risk sensitivity in such weightings and impose limits on the use of internal ratings-based approaches to ensure a minimum level of conservatism in the use of such ratings-based approaches and provide for greater comparability across banks where such internal ratings-based approaches are used. Revised capital floor requirements will also limit the regulatory capital benefit for banks in calculating total risk-weighted assets using internal risk models as compared to the standardised approach, with a minimum capital requirement of 50 per cent. of risk-weighted assets calculated using only the standardised approaches applying from 1 January 2022 and increasing to 72.5 per cent. from 1 January 2027.

To the extent these reforms result in an increase in the total risk-weighted assets of the Guarantor they could also result in a corresponding decrease in the Guarantor's capital ratio.

The ECB has announced that it is conducting a targeted review of the internal models ("**TRIM**") being used by banks subject to its supervision for their internal ratings-based approaches in applying risk weightings to assets. TRIM is being undertaken to assess the extent to which such internal models are considered to be in line with regulatory requirements, and the results of those internal models are reliable and comparable, in order to harmonise the approaches to internal models used by banks across the European Union. During 2016, the ECB launched preliminary questionnaires and data requests, and on-site investigations were conducted in 2017 and the first half of 2018. This first phase of TRIM involved a review of the models used to assess the credit risk for retail and small and medium-sized enterprise portfolios, as well as market risk and counterparty credit risk. Phase two, focusing on the models used to assess the credit risk for so-called low-default portfolios, started in the second half of 2018 and is expected to continue throughout 2019. Though the outcome of TRIM is at this stage unknown, the objective of the ECB in undertaking TRIM is to reduce unwarranted variability in risk-weighted assets across banks, not to increase risk-weighted assets in general. Nevertheless, TRIM could lead to increases or decreases in the capital needs of banks. To the extent TRIM results in any changes being required to the internal models used by banks and such changes result in an increase in the Guarantor's risk-weighted assets, this could have a corresponding impact on the Guarantor's capital position.

The implementation of Basel reforms differs across jurisdictions in terms of timing and applicable rules. This lack of uniformity among implemented rules may lead to an uneven playing field and to competition distortions. Moreover, the lack of regulatory coordination, with some countries bringing forward the application of Basel requirements or increasing such requirements, could adversely affect a bank with global operations such as the Guarantor and could affect its profitability.

There can be no assurance that the implementation of the above capital requirements will not adversely affect the Guarantor's ability to make "discretionary payments", or result in the cancellation of such payments (in whole or in part), or require the Guarantor to issue additional securities that qualify as regulatory capital, to liquidate assets, to curtail business or to take any other actions, any of which may have adverse effects on the Guarantor's business, financial condition and results of operations. Furthermore, increased capital requirements may negatively affect the Guarantor's return on equity and other financial performance indicators.

The following is the solvency data for the Group (Basel III phased-in) on a consolidated basis and in accordance with the regulations applicable to each of the dates indicated. The capital ratios have been calculated in accordance with CRD IV to 2014, applying a phased-in amount of 100 per cent. for 2018, 80 per cent. for 2017 and 60 per cent. for 2016:

Total Capital Phased-in (Millions of euros)

	31/03/2019	31/12/2018	31/12/2017	31/12/2016
Common Equity Tier 1 (CET 1)	41,756	40,313	42,341	47,370
Additional Tier 1 (AT1) capital	5,671	5,634	4,639	2,713
Tier 2 (T2) capital	7,336	8,756	8,798	8,810
Total Capital	54,764	54,703	55,778	58,893
Total risk-weighted assets	360,689	348,264	362,875	388,951
Ratio CET 1 (%)	11.6	11.6	11.7%	12.2%
AT1 Ratio	1.6%	1.6%	1.3%	0.7%
Tier 1 (%)	13.1	13.2	12.9%	12.9%
Tier 2 (%)	2.0	2.5	2.4%	2.3%
Total capital ratio (%)	15.2	15.7	15.4%	15.1%

The fully-charged ratio CET1 at the consolidated level as of March 31, 2019 and 31 December 2018, 31 December 2017 and 31 December 2016, was 11.3 per cent., 11.3 per cent., 11.1 per cent. and 10.9 per cent., respectively. As of 31 March 2019 and 31 December 2018, the phased-in ratio at consolidated level CET1 was 11.58 per cent. and 11.58 per cent., respectively.

Bail-in and write-down powers under the BRRD and the SRM Regulation may adversely affect the Group's business and the value of any securities it may issue

The BRRD (which has been implemented in Spain through Law 11/2015 and RD 1012/2015) and the SRM Regulation are designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in unsound or failing credit institutions or investment firms (each, an "**institution**") so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system. The BRRD further provides that any extraordinary public financial support through additional financial stabilisation tools is only to be used by a Member State as a last resort, after having assessed and utilised the resolution tools set out below to the maximum extent possible while maintaining financial stability.

In accordance with Article 20 of Law 11/2015, an institution will be considered as failing or likely to fail in any of the following circumstances: (i) it is, or is likely in the near future to be, in significant breach of its solvency or any other requirements necessary for maintaining its authorisation; (ii) its assets are, or are likely in the near future to be, less than its liabilities; (iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iv) it requires extraordinary public financial support (except in limited circumstances). The determination that an institution is failing or likely to fail may depend on a number of factors which may be outside of that institution's control.

As provided in the BRRD, Law 11/2015 contains four resolution tools and powers which may be used alone or in combination where a Relevant Spanish Resolution Authority (as defined below) considers that (i) an institution is failing or likely to fail; (ii) there is no reasonable prospect that any other measure would prevent the failure of such institution within a reasonable timeframe; and (iii) a resolution action, instead of the winding up of the institution under normal insolvency proceedings, is in the public interest. The four resolution tools are (i) sale of business, which enables resolution authorities to direct the sale of the institution or the whole or part of its business on commercial terms; (ii) bridge institution, which enables resolution authorities to transfer all or part of the business of the institution to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control), which may limit the capacity of the institution to meet its repayment obligations; (iii) asset separation, which enables resolution authorities to transfer certain categories of assets (normally impaired or otherwise problematic) to one or more asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) the Spanish Bail-in Power (as defined below). Any exercise of the Spanish Bail-in Power by the Relevant Spanish Resolution Authority may include the write down and/or conversion into equity or other securities or obligations (which equity, securities and obligations could also be subject to any future application of the Spanish Bail-in Power) of certain unsecured debt claims of an institution.

"**Relevant Spanish Resolution Authority**" means the Spanish Fund for the Orderly Restructuring of Banks (*Fondo de Restructuración Ordenada Bancaria*) ("**FROB**"), the European Single Resolution Mechanism ("**SRM**") and, as the case may be, according to Law 11/2015, the Bank of Spain and the CNMV (as defined herein), and any other entity with the authority to exercise the Spanish Bail-in Power from time to time. "**Spanish Bail-in Power**" means any write-down, conversion, transfer, modification, or suspension power existing from time to time under: (i) any law, regulation, rule or requirement applicable from time to time in Spain, relating to the transposition or development of the BRRD (as amended, replaced or supplemented from time to time), including, but not limited to (a) Law 11/2015, (b) RD 1012/2015; and (c) the SRM Regulation, each as amended, replaced or supplemented from time to time; or (ii) any other law, regulation, rule or requirement applicable from time to time in Spain pursuant to which (a) obligations or liabilities of banks, investment firms or other financial institutions or their affiliates can be reduced, cancelled, modified, transferred or converted into shares, other securities, or other obligations of such persons or any other person (or suspended for a temporary period or permanently) or (b) any right in a contract governing such obligations may be deemed to have been exercised.

In accordance with Article 48 of Law 11/2015 (and subject to any exclusions that may be applied by the Relevant Spanish Resolution Authority under Article 43 of Law 11/2015), in the case of any application of the Spanish Bail-in Power, the sequence of any resulting write-down or conversion by the Relevant Spanish Resolution Authority shall be in the following order: (i) CET1 items; (ii) the principal amount of Additional Tier 1 instruments; (iii) the principal amount of Tier 2 capital instruments; (iv) the principal amount of other subordinated claims that are not Additional Tier 1 capital or Tier 2 capital; and (v) the principal or outstanding amount of the remaining eligible liabilities in the order of the hierarchy of claims in normal insolvency proceedings.

In addition to the Spanish Bail-in Power, the BRRD, Law 11/2015 and the SRM Regulation provide for resolution authorities to have the further power to permanently write-down or convert into equity capital instruments at the point of non-viability ("**Non-Viability Loss Absorption**" and, together with the Spanish Bail-in Power, the **"Spanish Statutory Loss-Absorption Powers**") of an institution or a group. The point of non-viability of an institution is the point at which the Relevant Spanish Resolution Authority determines that the institution meets the conditions for resolution or will no longer be viable unless the relevant capital instruments are written down or converted into equity or extraordinary public support is to be provided and without such support the Relevant Spanish Resolution Authority determines that the institution would no longer be viable. The point of non-viability of a group is the point at which the group infringes or there are objective elements to support a determination that the group, in the near future, will infringe its consolidated solvency requirements in a way that would justify action by the Relevant Spanish Resolution Authority in accordance with article 38.3 of Law 11/2015. Non-Viability Loss Absorption may be imposed prior to or in combination with any exercise of the Spanish Bail-in Power or any other resolution tool or power (where the conditions for resolution referred to above are met).

To the extent that any resulting treatment of a holder of the Guarantor's securities pursuant to the exercise of the Spanish Statutory Loss-Absorption Powers (except, as indicated below, with respect to a Non-Viability Loss Absorption) is less favorable than would have been the case under such hierarchy in normal insolvency proceedings, a holder of such affected securities would have a right to compensation under the BRRD and the SRM Regulation based on an independent valuation of the institution, in accordance with Article 10 of RD 1012/2015 and the SRM Regulation. Any such compensation, however, together with any other compensation provided by any Applicable Banking Regulations (including, among such other compensation, in accordance with article 36.5 of Law 11/2015) is unlikely to compensate that holder for the losses it has actually incurred and there is likely to be a considerable delay in the recovery of such compensation. "**Applicable Banking Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then applicable to the Guarantor and/or the Group including, without limitation to the generality of the foregoing, CRD IV, the BRRD and those laws, regulations, requirements, guidelines and policies relating to capital adequacy, resolution and/or solvency then in effect in Spain (whether or not such regulations, requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Guarantor and/or the Group). Compensation payments (if any) are also likely to be made considerably later than when amounts may otherwise have been due under the affected securities. In addition, in the case of a Non-Viability Loss Absorption it is not clear that a holder of the affected securities would have a right to compensation under the BRRD and the SRM Regulation if any resulting treatment of such holder pursuant to the exercise of the Non-Viability Loss Absorption was less favorable than would have been the case under such hierarchy in normal insolvency proceedings.

The powers set out in the BRRD, as implemented through Law 11/2015 and RD 1012/2015, and the SRM Regulation impact how credit institutions and investment firms are managed, as well as, in certain circumstances, the rights of creditors. Pursuant to Law 11/2015, upon any application of the Spanish Bail-in Power and/or Non-Viability Loss Absorption, holders of, among others, unsecured debt securities, subordinated obligations and shares issued by the Guarantor may be subject to, among other things, a write-down (including to zero) and/or conversion into equity or other securities or obligations on any application of the Spanish Bail-in Power. The exercise of any such powers (or any of the other resolution powers and tools) may result in such holders of such securities losing some or all of their investment or otherwise having their rights under such securities adversely affected, including by becoming holders of further subordinated instruments. Such exercise could also involve modifications to, or the disapplication of, provisions in the terms and conditions of certain securities including alteration of the principal amount or any interest payable on debt instruments, the maturity date or any other dates on which payments may be due, as well as the suspension of payments for a certain period. As a result, the exercise of the Spanish Bail-in Power and/or Non-Viability Loss Absorption with respect to such securities or the taking by an authority of any other action, or any suggestion that the exercise or taking of any such action may happen, could materially adversely affect the rights of holders of such securities, the market price or value or trading behavior of the Guarantor's securities and/or the ability of the Guarantor to satisfy its obligations under any such securities.

The exercise of the Spanish Bail-in Power and/or Non-Viability Loss Absorption by the Relevant Spanish Resolution Authority is likely to be inherently unpredictable and may depend on a number of factors which may also be outside of

the Guarantor's control. In addition, as the Relevant Spanish Resolution Authority will retain an element of discretion, holders of such securities may not be able to refer to publicly available criteria in order to anticipate any potential exercise of any such Spanish Bail-in Power and/or Non-Viability Loss Absorption. Because of this inherent uncertainty, it will be difficult to predict when, if at all, the exercise of any such powers by the Relevant Spanish Resolution Authority may occur.

This uncertainty may adversely affect the value of the unsecured debt securities, subordinated obligations and shares issued by us. The price and trading behavior of such securities may be affected by the threat of a possible exercise of any power under Law 11/2015 and/or the SRM Regulation (including any early intervention measure before any resolution) or any suggestion of such exercise, even if the likelihood of such exercise is remote. Moreover, the Relevant Spanish Resolution Authority may exercise any such powers without providing any advance notice to the holders of affected securities.

In addition, the EBA has published certain regulatory technical standards and implementing technical standards to be adopted by the European Commission and certain other guidelines. These standards and guidelines could be potentially relevant to determining when or how a Relevant Spanish Resolution Authority may exercise the Spanish Bail-in Power and impose a Non-Viability Loss Absorption. Included in this are guidelines on the treatment of shareholders in bail-in or the write-down and conversion of capital instruments, and on the rate of conversion of debt to equity or other securities or obligations in any bail-in. No assurance can be given that these standards and guidelines will not be detrimental to the rights under, and the value of, unsecured debt securities, subordinated obligations and shares issued by the Guarantor.

Any failure by the Guarantor and/or the Group to comply with its MREL could have a material adverse effect on the Guarantor's business, financial condition and results of operations

The BRRD prescribes that banks shall hold a minimum level of own funds and eligible liabilities in relation to total liabilities known as the minimum requirement for own funds and eligible liabilities ("**MREL**"). According to Commission Delegated Regulation (EU) 2016/1450 of 23 May 2016 (the "**MREL Delegated Regulation**"), the level of own funds and eligible liabilities required under MREL will be set by the resolution authority for each bank (and/or group) based on, among other things, the criteria set forth in Article 45.6 of the BRRD, including the systemic importance of the institution. Eligible liabilities may be senior or subordinated, provided that, among other requirements, they have a remaining maturity of at least one year and, if governed by a non-EU law, they must be able to be written down or converted by the resolution authority of a Member State under that law or through contractual provisions.

MREL came into force on 1 January 2016. However, the EBA has recognised the impact which this requirement may have on banks' funding structures and costs, and the MREL Delegated Regulation states that the resolution authorities shall determine an appropriate transitional period but that this shall be as short as possible.

In addition, as a result of the EU Banking Reforms, Directive (EU) 2017/2399 of the European Parliament and of the Council of 12 December 2017 amending Directive 2014/59/EU as regards the ranking of unsecured debt instruments in insolvency hierarchy was approved with the aim to harmonise national laws on insolvency and recovery and resolution of credit institutions and investment firms, by creating a new credit class of "non-preferred" senior debt that should only be bailed-in after junior ranking instruments but before other senior liabilities. In this regard, on 23 June 2017 Royal Decree-Law 11/2017 of June 23 on urgent measures in financial matters (*Real Decreto-ley 11/2017, de 23 de junio, de medidas urgentes en materia financiera*) introduced into Spanish law the new class of "non-preferred" senior debt.

On 9 November 2015, the FSB published its final Total Loss-Absorbing Capacity ("**TLAC**") Principles and Term Sheet (the "**TLAC Principles and Term Sheet**"), proposing that G-SIBs maintain significant minimum amounts of liabilities that are subordinated (by law, contract or structurally) to certain prior-ranking liabilities, such as guaranteed insured deposits, and forming a new standard for G-SIBs. The TLAC Principles and Term Sheet contain a set of principles on loss-absorbing and recapitalisation capacity of G-SIBs in resolution and a term sheet for the implementation of these principles in the form of an internationally agreed standard. The TLAC Principles and Term Sheet require a minimum TLAC requirement to be determined individually for each G-SIB at the greater of (i) 16 per cent. of risk-weighted assets as of 1 January 2019 and 18 per cent. as of 1 January 2022, and (ii) 6 per cent. of the Basel III Tier 1 leverage

ratio exposure measured as of 1 January, 2019, and 6.75 per cent. as of 1 January 2022. The Guarantor is no longer classified as a G-SIB by the FSB with effect from 1 January 2017. However, if the Guarantor were to be so classified in the future or if TLAC requirements as set out below are adopted and implemented in Spain and extended to non-G-SIBs through the imposition of requirements similar to MREL as set out below, then this could create additional minimum requirements for the Guarantor.

Following the publication of the Single Resolution Board's ("**SRB**") initial policy statement on MREL in November 2018, the SRB published on 16 January 2019 its policy statement on MREL applicable to the second wave of resolution plans (which are those applicable to the most complex banking groups, including BBVA). This policy is based on the current regulatory framework but is also perceived to be preparing the ground for the implementation of the EU Banking Reforms.

In addition, the EU Banking Reforms establish some exemptions which could allow outstanding senior debt instruments to be used to comply with MREL. However, there is uncertainty regarding the final form of the EU Banking Reforms insofar as such eligibility is concerned and how those regulations and exemptions are to be interpreted and applied. This uncertainty may impact upon the ability of BBVA to comply with its MREL (at both individual and consolidated levels (together, "**MRELs**")) by the relevant deadline. In this regard, the EBA submitted on 14 December 2016 its final report on the implementation and design of the MREL framework (the "**EBA MREL Report**"), which contains a number of recommendations to amend the current MREL framework. Additionally, the EU Banking Reforms contain the legislative proposal of the European Commission for the amendment of the MREL framework and the implementation of the TLAC standards. The EU Banking Reforms propose the amendment of a number of aspects of the MREL framework to align it with the TLAC standards included in the TLAC Principles and Term Sheet. To maintain coherence between the MREL rules applicable to G-SIBs and those applicable to non-G-SIBs, the EU Banking Reforms also propose a number of changes to the MREL rules applicable to non-G-SIBs. While the EU Banking Reforms propose for minimum harmonised or "Pillar 1" MRELs for G-SIBs, in the case of non-G-SIBs, it is proposed that MRELs will be imposed on a bank-specific basis. For G-SIBs, it is also proposed that a supplementary or "Pillar 2" MRELs may be further imposed on a bank-specific basis. The EU Banking Reforms further provide for the resolution authorities to give guidance to an institution to have own funds and eligible liabilities in excess of the requisite levels for certain purposes.

Neither the BRRD nor the MREL Delegated Regulation provides details on the implications of a failure by an institution to comply with its MREL requirement. However, the EU Banking Reforms propose that this be addressed by the relevant authorities on the basis of their powers to address or remove impediments to resolution, the exercise of their supervisory powers under the CRD IV Directive, early intervention measures, and administrative penalties and other administrative measures.

Furthermore, in accordance with the EBA MREL Report, the EBA recommends that resolution authorities and competent authorities should engage in active monitoring of compliance with their respective requirements and considers that (i) the powers of resolution authorities to respond to a breach of MREL should be enhanced (which would require resolution authorities to be given the power to require the preparation and execution of an MREL restoration plan, to use their powers to address impediments to resolvability, to request that distribution restrictions be imposed on an institution by a competent authority and to request a joint restoration plan in cases where an institution breaches both MREL and minimum capital requirements); (ii) resolution authorities should assume a lead role in responding to a failure to issue or roll over MREL-eligible debt leading to a breach of MREL; and (iii) if there are both losses and a failure to roll over or issue MREL-eligible debt, both the relevant resolution authority and relevant competent authority should attempt to agree on a joint restoration plan (provided that both authorities believe that the institution is not failing or likely to fail). In addition, under the EBA Guidelines on triggers for use of early intervention measures of 8 May 2015 a significant deterioration in the amount of eligible liabilities and own funds held by an institution for the purposes of meeting its MRELs may put an institution in a situation where conditions for early intervention are met, which may result in the application by the competent authority of early intervention measures.

Further, as outlined in the EBA MREL Report, the EBA's recommendation is that an institution will not be able to use the same CET 1 capital to meet both MREL and the combined buffer requirements. In addition, the EU Banking Reforms provide that, in the case of the own funds of an institution that may otherwise contribute to the combined buffer

requirement where there is any shortfall in MREL, this will be considered as a failure to meet the combined buffer requirement such that those own funds will automatically be used instead to meet that institution's MRELs and will no longer count towards its combined buffer requirement. Accordingly, this could trigger a limit on discretionary payments (see "*—Increasingly onerous capital requirements may have a material adverse effect on the Guarantor's business, financial condition and results of operations*").

Additionally, if the FROB, the SRM or a Relevant Spanish Resolution Authority finds that there could exist any obstacles to resolvability by the Guarantor and/or the Group, a higher MREL could be imposed.

Moreover, with respect to the EU Banking Reforms, there are uncertainties concerning how the subsidiaries of the Group would be treated in determining the resolution group of the Guarantor and the applicable MRELs, which may lead to a situation where the consolidated MREL of the Guarantor would not fully reflect its multiple-point-of-entry resolution strategy.

On 23 May 2018, the Guarantor announced that it had received notification from the Bank of Spain regarding its MREL, as determined by the SRB. The Guarantor's MREL has been set at 15.08 per cent. of the total liabilities and own funds of the Guarantor´s resolution group at a sub-consolidated level as of 31 December 2016, which corresponds to 28.04 per cent. of the risk-weighted assets of the Guarantor's resolution group as of 31 December 2016, and must be met by 1 January 2020. Pursuant to the Group's multiple-point-of-entry resolution strategy as established by the SRB, the Guarantor's resolution group consists of the Guarantor and its subsidiaries which belong to the same European resolution group. As of 31 December 2016, the total liabilities and own funds of the Guarantor's resolution group amounted to €385,647 million, of which the total liabilities and own funds of the Guarantor comprised approximately 95 per cent., and the risk-weighted assets of the Guarantor's resolution group amounted to €207,362 million.

According to the Guarantor's estimates, the current own funds and eligible liabilities structure of the Guarantor's resolution group is in line with the above MREL. However, the Guarantor's MREL is subject to change and no assurance can be given that the Guarantor may not be subject to a higher MREL at any time in the future.

The EU Banking Reforms further include, as part of MREL, a new subordination requirement of eligible instruments for G-SIBs and "top tier" banks (including the Guarantor) that will be determined according to their systemic importance, involving a minimum "Pillar 1" subordination requirement. This "Pillar 1" subordination requirement shall be satisfied with own funds and other eligible MREL instruments (which MREL instruments may not for these purposes be senior debt instruments and only MREL instruments constituting "non-preferred" senior debt under the new insolvency hierarchy introduced into Spain will be eligible for compliance with the subordination requirement). For "top tier" banks such as BBVA, this "Pillar 1" subordination requirement has been determined as the higher of 13.5 per cent. of the bank's risk weighted assets ("**RWAs**") and 5 per cent. of its leverage exposure. Resolution authorities may also impose further "Pillar 2" subordination requirements, which would be determined on a case-by-case basis but at a minimum level equal to the lower of 8 per cent. of a bank's total liabilities and own funds and 27 per cent. of its RWAs.

Any failure or perceived failure by the Guarantor and/or the Group to comply with its MREL (including the subordination requirement) may have a material adverse effect on the Guarantor's business, financial conditions and results of operations and could result in the imposition of restrictions or prohibitions on discretionary payments by the Guarantor, including the payment of dividends and interest or distributions on Additional Tier 1 instruments. There can also be no assurance as to the relationship between the "Pillar 2" additional own funds requirements, the "combined buffer requirement", the MRELs once implemented in Spain and the restrictions or prohibitions on discretionary payments.

Increased taxation and other burdens imposed on the financial sector may have a material adverse effect on BBVA's business, financial condition and results of operations.

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in securities issued by the Group or other issuers (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside the participating Member States. Generally, it would apply to certain dealings in securities 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 (i) by transacting with a person established in a participating Member State or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation among the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and participating Member States may decide not to participate.

While the final outcome of the Commission's Proposal continues to be uncertain, the Spanish council of ministers approved during a meeting held on 18 January 2019 the Bill on the Financial Transaction Tax (the "**Spanish FTT Bill**"), which is based in part on the Commission's Proposal. The Spanish FTT Bill introduces a new indirect tax, amounting to 0.2%, to be charged on acquisitions of shares in Spanish companies, regardless of the tax residence of the participants in such transactions, provided that such companies are listed and their respective market capitalization is above €1,000 million. If the Spanish FTT Bill becomes law and subsequently the FTT is approved under a Directive, the Spanish FTT Law should be adapted to the Directive's content.

Moreover, Law 18/2014, of 15 October, that amends Law 16/2012 of 27 December, introduced a 0.03 per cent. tax on bank deposits in Spain. This tax is payable annually by Spanish banks. There can be no assurance that additional national or transnational bank levies or financial transaction taxes will not be adopted by the authorities of the jurisdictions where BBVA operates.

Any levies, taxes or funding requirements imposed on BBVA pursuant to the foregoing or otherwise in any of the jurisdictions where it operates could have a material adverse effect on the Issuer′s business, financial condition and results of operations.

Contributions for assisting in the future recovery and resolution of the Spanish banking sector may have a material adverse effect on the Guarantor's business, financial condition and results of operations

Law 11/2015 and RD 1012/2015 require Spanish credit institutions, including BBVA, to make at least an annual ordinary contribution to the National Resolution Fund (*Fondo de Resolución Nacional*), payable on request of the FROB. The total amount of contributions to be made to the National Resolution Fund by all Spanish banking entities must equal at least 1 per cent. of the aggregate amount of all deposits guaranteed by the Deposit Guarantee Fund (*Fondo de Garantía de Depósitos de Entidades de Crédito*) by 31 December 2024. The contribution will be adjusted to the risk profile of each institution in accordance with the criteria set out in Council Implementing Regulation (EU) 2015/81 of 19 December 2014 and RD 1012/2015. The FROB may, in addition, collect extraordinary contributions.

Furthermore, Law 11/2015 also provides for an additional charge (*tasa*) which shall be used to further fund the activities of the FROB, in its capacity as a resolution authority, which charge shall equal 2.5 per cent. of the above annual ordinary contribution to be made to the National Resolution Fund.

Moreover, Commission Delegated Regulation (EU) 2017/2361 of 14 September 2017 establishes the system of contributions to the administrative expenditures of the Single Resolution Board, to be paid by credit institutions in the EU. In addition, since 2016, the Guarantor has been required to make contributions directly to the EU Single Resolution Fund, once the National Resolution Fund has been integrated into it. See *"—Regulatory developments related to the EU fiscal and banking union may have a material adverse effect on the* Guarantor*'s business, financial condition and results of operations".*

Any levies, taxes or funding requirements imposed on the Guarantor pursuant to the foregoing or otherwise in any of the jurisdictions where it operates could have a material adverse effect on the Guarantor's business, financial condition and results of operations.

Regulatory developments related to the EU fiscal and banking union may have a material adverse effect on the Guarantor's business, financial condition and results of operations

The project of achieving a European banking union was launched in the summer of 2012. Its main goal is to resume progress towards the European single market for financial services by restoring confidence in the European banking sector and ensuring the proper functioning of monetary policy in the Eurozone.

Banking union is expected to be achieved through new harmonised banking rules (the single rulebook) and a new institutional framework with stronger systems for both banking supervision and resolution that will be managed at the European level. Its two main pillars are the SSM and the SRM.

The SSM is intended to assist in making the banking sector more transparent, unified and safer. In accordance with the SSM Framework Regulation, the ECB fully assumed its new supervisory responsibilities within the SSM, in particular the direct supervision of the largest European banks (including the Guarantor), on 4 November 2014.

The SSM represents a significant change in the approach to bank supervision at a European and global level, even if it is not expected to result in any radical change in bank supervisory practices in the short term. The SSM has resulted in the direct supervision by the ECB of the largest financial institutions, including the Guarantor, and indirect supervision of around 3,500 financial institutions. In the coming years, the SSM is expected to work to establish a new supervisory culture importing best practices from the 19 supervisory authorities that form part of the SSM. Several steps have already been taken in this regard, such as (i) the publication of the Supervisory Guidelines, (ii) the approval of the SSM Framework Regulation, (iii) the approval of Regulation (EU) 2016/445 of the ECB of 14 March 2016 on the exercise of options and discretions available in European Union law, and (iv) a set of guidelines on the application of CRR's national options and discretions. In addition, the SSM represents an extra cost for the financial institutions that fund it through payment of supervisory fees.

The other main pillar of the EU banking union is the SRM, the main purpose of which is to ensure a prompt and coherent resolution of failing banks in Europe at minimum cost. The SRM Regulation establishes uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of the SRM and a Single Resolution Fund. The new SRB started operating on 1 January 2015 and fully assumed its resolution powers on 1 January 2016. The Single Resolution Fund has also been in place since 1 January 2016, funded by contributions from European banks in accordance with the methodology approved by the Council of the European Union. The Single Resolution Fund is intended to reach a total amount of €55 billion by 2024 and to be used as a separate backstop only after an 8 per cent. bail-in of a bank's total liabilities including own funds has been applied to cover capital shortfalls (in line with the BRRD).

By allowing for the consistent application of EU banking rules through the SSM, the banking union is expected to help resume momentum toward economic and monetary union. In order to complete such union, a single deposit guarantee scheme is still needed, which may require a change to the existing European treaties. This is the subject of continued negotiation by European leaders to ensure further progress is made in European fiscal, economic and political integration.

Regulations adopted towards achieving a banking and/or fiscal union in the EU and decisions adopted by the ECB in its capacity as the Guarantor's main supervisory authority may have a material effect on the Guarantor's business, financial condition and results of operations. In addition, on 29 January 2014, the European Commission released its proposal on the structural reforms of the European banking sector, which will impose new constraints on the structure of European banks. The proposal is aimed at ensuring the harmonisation between the divergent national initiatives in Europe. It includes a prohibition on proprietary trading similar to that contained in Section 619 of the Dodd-Frank Act (also known as the Volcker Rule) and a mechanism to potentially require the separation of trading activities (including market-making), such as in the Financial Services (Banking Reform) Act 2013, complex securitisations and risky derivatives.

There can be no assurance that regulatory developments related to the EU fiscal and banking union, and initiatives undertaken at the EU level, will not have a material adverse effect on the Guarantor's business, financial condition and results of operations.

The Group's anti-money laundering and anti-terrorism programmes may be circumvented or otherwise not be sufficient to prevent all money laundering or terrorism financing

Group companies are subject to rules and regulations regarding money laundering and the financing of terrorism. Monitoring compliance with anti-money laundering and anti-terrorism financing rules can put a significant financial burden on banks and other financial institutions and pose significant technical problems. Although the Group believes that its current anti-money laundering programme (which includes, among other elements, policies, procedures,

technical infrastructure, independent reviews and training activities) is sufficient to comply with applicable rules and regulations, it cannot guarantee that its anti-money laundering and anti-terrorism financing programmes will not be circumvented or otherwise be sufficient to prevent all money laundering or terrorism financing. Any of such events may have severe consequences, including sanctions, fines and, notably, reputational consequences, which could have a material adverse effect on the Group's financial condition and results of operations. Further, the Group engages in investigations relating to alleged or suspected violations of anti-money laundering or anti-terrorism rules and regulations from time to time and any such investigations or any related proceedings could be time-consuming and costly.

The Group is exposed to risks in relation to compliance with anti-corruption laws and regulations and economic sanctions programmes

The Group is required to comply with the laws and regulations of various jurisdictions where it conducts operations. In particular, its operations are subject to various anti-corruption laws, including the U.S. Foreign Corrupt Practices Act of 1977 and the United Kingdom Bribery Act of 2010, and economic sanction programmes, including those administered by the United Nations, the EU and the United States, including the U.S. Treasury Department's Office of Foreign Assets Control. The anti-corruption laws generally prohibit providing anything of value to government officials for the purposes of obtaining or retaining business or securing any improper business advantage. As part of the Group's business, the Group may directly or indirectly, through third parties, deal with entities the employees of which are considered government officials. In addition, economic sanctions programmes restrict the Group's business dealings with certain sanctioned countries, individuals and entities.

Although the Group has adopted internal policies, procedures, systems and other mitigating measures designed to ensure compliance with applicable anti-corruption laws and sanctions regulations, there can be no assurance that such policies, procedures, systems and other mitigating measures will be sufficient or that its employees, directors, officers, partners, agents and service providers will not take actions in violation of the Group's policies and procedures (or otherwise in violation of the relevant anti-corruption laws and sanctions regulations) for which it or they may be ultimately held responsible. The Group engages in investigations relating to alleged or suspected violations of anti-corruption laws and sanctions regulations from time to time and such investigations or any related proceedings could be time-consuming and costly and their outcomes difficult to predict. Violations of anti-corruption laws and sanctions regulations could lead to financial penalties being imposed on the Group, limits being placed on the Group's activities, the Group's authorisations and licenses being revoked, damage to the Group's reputation and other consequences that could have a material adverse effect on the Group's business, results of operations and financial condition.

Local regulation may have a material effect on the Guarantor's business, financial condition, results of operations and cash flows

The Guarantor's operations are subject to regulatory risks, including the effects of changes in laws, regulations, policies and interpretations, in the various jurisdictions outside Spain where it operates. Regulations in certain jurisdictions where the Guarantor operates differ in a number of material respects from equivalent regulations in Spain. For example, local regulations may require the Guarantor's subsidiaries and affiliates to meet capital requirements that are different from those applicable to the Guarantor as a Spanish bank, they may prohibit certain activities permitted to be undertaken by the Guarantor in Spain or they may require certain approvals to be obtained in connection with such subsidiaries and affiliates' activities. Changes in regulations may have a material effect on the Group's business and operations, particularly changes affecting Mexico, the United States or Turkey, which are the Group's most significant jurisdictions by assets other than Spain.

Furthermore, the governments in certain regions where the Group operates have exercised, and continue to exercise, significant influence over the local economy. Governmental actions, including changes in laws or regulations or in the interpretation of existing laws or regulations, concerning the economy and state-owned enterprises, or otherwise affecting the Group's activity, could have a significant effect on the private sector entities in general and on the Guarantor's subsidiaries and affiliates in particular. In addition, the Group's activities in emerging economies, such as Venezuela, are subject to a heightened risk of changes in governmental policies, including expropriation, nationalisation, international ownership legislation, interest-rate caps, exchange controls, government restrictions on dividends and tax policies. Any of these risks could have a material adverse effect on the Group's business, financial condition and results of operations.

Reform of LIBOR and EURIBOR and Other Interest Rate, Index and Commodity Index "Benchmarks"

The London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other indices including other types of indices, including (not not limited to) indices comprised of interest rates, equities, commodities, commodity indices, exchange traded products, foreign exchange rates, funds and combinations of any of the preceding types of indices which may be deemed "benchmarks" are the subject of recent national, international and other regulatory guidance as well as proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such "benchmarks" to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to a "benchmark."

Separately, on 27 July 2017, the United Kingdom Financial Conduct Authority which regulated LIBOR announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). Further, on 12 July 2018 the FCA announced that LIBOR may cease to be a regulated benchmark under the BMR. The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021 and there is a substantial risk that LIBOR will be discontinued or modified by 2021. Vast amounts of loans, mortgages, securities, derivatives and other financial instruments are linked to the LIBOR benchmark, and any failure by market participants and regulators to successfully introduce benchmark rates to replace LIBOR and implement effective transitional arrangements to address the discontinuation of LIBOR could, as noted above, result in disruption in the financial markets, suppress capital markets activities and give rise to litigation claims, all of which could have a negative impact on the Group's results of operations and on LIBOR-linked securities or other instruments which are issued, funded or held by the Group.

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering governance and accountability, as well as the quality and transparency of benchmark design and methodologies. A review published in February 2015 on the status of the voluntary market adoption of the IOSCO Benchmark Principles noted that, as the benchmarks industry is in a state of change, further steps may need to be taken by IOSCO in the future, but that it is too early to determine what those steps should be. The review noted that there has been a significant market reaction to the publication of the IOSCO Benchmark Principles, and widespread efforts being made to implement the IOSCO Benchmark Principles by the majority of administrators surveyed.

On 24 November 2015, the European Commission announced that the European Parliament and the Council of the EU had reached agreement on a compromise text of the Benchmark Regulation. Following the formal adoption of the Benchmark Regulation by the European Parliament on 28 April 2016 and by the Council of the EU on 17 May 2016, the Benchmark Regulation was published in the Official Journal of the EU on 29 June 2016. The Benchmark Regulation entered into force on 30 June 2016 and has been applicable from 1 January 2018.

The Benchmark Regulation applies to "contributors," "administrators" and "users of" "benchmarks" in the EU, and, among other things, (i) requires benchmark administrators to be authorised (or, if non-EU-based, to be subject to an equivalent regulatory regime) and to comply with extensive requirements in relation to the administration of "benchmarks" and (ii) bans the use of "benchmarks" of unauthorised administrators. The scope of the Benchmark Regulation is wide and, in addition to so-called "critical benchmark" indices such as LIBOR, EURIBOR and the Euro Overnight Index Average ("**EONIA**"), could also potentially apply to many other interest rate indices, as well as other indices (including "proprietary" indices, baskets, portfolios or strategies) where used to determine the amount payable under or the value or performance of certain financial instruments for which a request for admission to trading on a trading venue has been made, or which are traded on a trading venue (EU regulated market, EU multilateral trading facility ("**MTF**"), EU organised trading facility ("**OTF**")) or via a systematic internaliser or to measure the performance of certain investment funds with the purpose of tracking the return or defining the asset allocation or computing the performance fees. Different types of benchmark (critical benchmarks, significant benchmarks, non-significant benchmarks and interest rate benchmarks, commodity benchmarks, regulated data benchmarks) are subject to some variations to take into account their characterisation.

The Benchmarks Regulation could have a material impact on any Notes for which a request for admission to trading on a trading venue has been made, or which are traded on a trading venue or via a "systematic internaliser" linked to a "benchmark" for Benchmarks Regulation purpose, including in any of the following circumstances:

(i) an index which is a "benchmark" could not be used as such if its administrator does not obtain authorisation or is based in a non-EU jurisdiction which (subject to any applicable transitional provisions) does not have equivalent regulation. In such event, depending on the particular "benchmark" and the applicable terms of the Notes, the Notes could be de-listed, adjusted, redeemed or otherwise impacted; and

(ii) the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the Notes, including calculation agent determination of the rate or level in its discretion.

An Administrator/Benchmark Event may arise if any of the following circumstances occurs or will occur: (1) a benchmark is materially changed or permanently cancelled, or (2) (i) the relevant authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the benchmark or the administrator or sponsor of the benchmark is not obtained, (ii) an application for authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register is rejected or (iii) any authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or inclusion in any official register is withdrawn.

In addition to the international proposals for reform of "benchmarks" described above, there are numerous other proposals, initiatives and investigations which may impact "benchmarks." For example, in the United Kingdom, the national government has extended the legislation originally put in place to cover LIBOR to regulate a number of additional major United Kingdom-based financial benchmarks in the fixed income, commodity and currency markets, which could be further expanded in the future.

The United Kingdom's Financial Conduct Authority has also released "Financial Benchmarks: Thematic review of oversight and controls," which reviewed the activities of firms in relation to a much broader spectrum of "benchmarks" that ultimately could impact inputs, governance and availability of certain "benchmarks."

Any of the international, national or other proposals for reform or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks". The disappearance of a "benchmark" or changes in the manner of administration of a "benchmark" could result in adjustment to the terms and conditions, early redemption, discretionary valuation by the calculation agent, delisting or other consequence in relation to Notes linked to such "benchmark". Any such consequence could have a material adverse effect on the value of and return on any such Notes.

European Market Infrastructure Regulation and Markets in Financial Instruments Directive

Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 ("**EMIR**") came into force on 16 August 2012. EMIR and the regulations made under it imposes certain obligations on parties to OTC derivative contracts according to whether they are "financial counterparties", such as European investment firms, alternative investment funds, credit institutions and insurance companies, or other entities which are "non-financial counterparties" or third country entities equivalent to "financial counterparties" or "non-financial counterparties". EMIR establishes certain requirements for OTC derivatives contracts including mandatory clearing obligations, bilateral risk-management requirements and reporting requirements. These requirements are subject to phased implementation. Investors should be aware that certain currently applicable requirements of EMIR impose obligations on the Issuer, to the extent it enters into derivative transactions, and future requirements of EMIR may impose further obligations on the Issuer, directly, or indirectly, by impacting on the terms that a swap counterparty is able to enter into under agreements with the Issuer.

Prospective investors should, in particular, be aware that should any future obligation of EMIR require the Issuer to modify the economic terms of any derivative transaction into which it enters, there is a risk that this may materially increase the costs associated with such derivative transaction or replacement derivative transaction. This is a particular risk should any derivative transaction into which the Issuer enters become subject to (i) the requirement to exchange segregated collateral with the swap counterparty to such transaction, which forms part of the risk-management requirements, or (ii) to mandatory clearing. It is not currently possible to conclude with any certainty whether the Issuer will be or become subject to such requirements or obligations as there remains legislative uncertainty with respect to the scope of such requirements and obligations, which are not yet in effect. However, irrespective of becoming subject to such requirements or obligations, and irrespective of it becoming necessary to amend or replace derivative transactions into which the Issuer enters, the Issuer may in any event have to bear certain costs or fees arising out of steps it is required to take to comply with the requirements of EMIR. Prospective investors should therefore be aware of the risk that the requirements of EMIR may require amendment to derivative transactions and/or materially increase the costs of entering into derivative transactions which may in certain circumstances result in the redemption of the Notes.

Were any future obligations of EMIR to require the Issuer or the swap counterparty to clear the swap agreement or to post collateral, the Issuer might not be practically able to comply with such requirement and/or the Issuer and/or swap counterparty would be subject to additional financial and operational burdens. In such circumstance, it is likely to result in the redemption of the Notes.

The Group is party to a number of legal and regulatory actions and proceedings

BBVA and its subsidiaries are involved in a number of legal and regulatory actions and proceedings, including legal claims and proceedings, civil and criminal regulatory proceedings, governmental and judicial investigations and proceedings, tax proceedings and other proceedings, in jurisdictions around the world, the final outcome of which is unpredictable, including in the case of legal proceedings where claimants seek unspecified or undeterminable damages, or where the cases argue novel legal theories, involve a large number of parties or are at early stages of discovery or investigation.

Legal and regulatory actions and proceedings against financial institutions have been on the rise in Spain and other jurisdictions where the Group operates over the last decade, fueled in part by certain recent consumer-friendly rulings. In certain instances, these rulings were as a result of appeals made to national or supranational courts (such as the European Court of Justice). Legal and regulatory actions and proceedings faced by the Group include legal proceedings brought by clients before Spanish and European courts in relation to mortgage loan agreements in which claimants seek that certain provisions of such agreements be declared null and void (including provisions concerning fees and other expenses, early termination, the use of certain interest rate indexes and the use of "floor" clauses limiting the interest rates in mortgages loans). Legal and regulatory actions and proceedings faced by other financial institutions regarding these or other matters, especially if such actions or proceedings result in consumer-friendly rulings, could also adversely affect the Group. The Group is also involved in antitrust proceedings and investigations in certain countries which could, among other matters, give rise to sanctions or lead to lawsuits from clients or other persons. For example, in April 2017, the Mexican Federal Economic Competition Commission (Comisión Federal de Competencia Económica or the "**COFECE**") launched an antitrust investigation relating to alleged monopolistic practices of certain financial institutions, including BBVA's subsidiary BBVA Bancomer, in connection with transactions in Mexican government bonds. The Mexican Banking and Securities Exchange Commission (Comisión Nacional Bancaria y de Valores) also initiated a separate investigation regarding this matter, which resulted in certain fines being initially imposed, insignificant in amount, which BBVA Bancomer has challenged. In March 2018, BBVA Bancomer and certain other affiliates of the Group were named as defendants in a putative class action lawsuit filed in the United States District Court for the Southern District of New York, alleging that the defendant banks and their named subsidiaries engaged in collusion with respect to the purchase and sale of Mexican government bonds. The plaintiffs seek unspecified monetary relief.

In relation to mortgage loan agreements with consumers linked to the IRPH index (average rate of mortgage loans for more than three years for the acquisition of free housing, granted by credit institutions in Spain), which is considered an "official interest rate" by the mortgage transparency regulation, calculated by the Bank of Spain and published in the

Spanish Official Gazette, the Spanish Supreme Court issued on 14 December 2017 ruling nº 669/2017 in which it confirmed that it was not possible to determine the lack of transparency of the interest rate of the loan from the mere fact of its reference to one or another official index, or consider it abusive according to Directive 93/13. There is still pending a preliminary ruling resolution of the European Court of Justice which challenges the decision taken by the Spanish Supreme Court. BBVA considers that the judgment of the Spanish High Court is clear and well-founded. It is difficult to estimate the impact of a potential negative resolution by the European Court of Justice, but it may be material. Such impact may vary depending on issues such as (i) the decision of the European Court of Justice regarding the interest rate that shall apply to the financing; and (ii) whether the effects of the ruling should be applied retroactively. As of today, the amount of current mortgage loans to individuals linked to IRPH index is approximately of €3.1 billion.

The outcome of legal and regulatory actions and proceedings, both those to which the Group is currently exposed and any others which may arise in the future, including actions and proceedings related to former subsidiaries of the Group or in respect of which the Group may have indemnification obligations, is difficult to predict. However, in connection with such matters the Group may incur significant expense, regardless of the ultimate outcome, and any such matters could expose the Group to any of the following outcomes: substantial monetary damages, settlements and/or fines; remediation of affected customers and clients; other penalties and injunctive relief; additional litigation; criminal prosecution in certain circumstances; regulatory restrictions on the Group's business operations including the withdrawal of authorisations; changes in business practices; increased regulatory compliance requirements; the suspension of operations; public reprimands; the loss of significant assets or business; a negative effect on the Group's reputation; loss of confidence by investors, counterparties, customers, clients, supervisors and other stakeholders; risk of credit rating agency downgrades; a potential negative impact on the availability and cost of funding and liquidity; and the dismissal or resignation of key individuals. There is also a risk that the outcome of any legal or regulatory actions or proceedings in which the Group is involved may give rise to changes in laws or regulations as part of a wider response by relevant lawmakers and regulators. A decision in any matter, either against the Group or another financial institution facing similar claims, could lead to further claims against the Group. In addition, responding to the demands of litigation may divert management's time and attention and the Group's financial resources. Moreover, where provisions have already been taken in connection with an action or proceeding, such provisions could prove to be inadequate.

As a result of the above, legal and regulatory actions and proceedings currently faced by the Group or to which it may become subject in the future or otherwise affected by, individually or in the aggregate, if resolved in whole or in part adversely to the Group, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Guarantor may be affected by actions that are incompatible with the Group's ethics and compliance standards, and by the Group's failure to timely detect or remedy any such actions

Some of the Group's management and/or employees and/or persons doing business with the Group may engage in activities that are incompatible with the Group's ethics and compliance standards. Although the Group has adopted measures designed to identify, monitor and mitigate such actions, and remediate them when the Group becomes aware of them, the Group is subject to the risk that its management and/or employees and/or persons doing business with the Group may engage in fraudulent activity, corruption or bribery, circumvent or override its internal controls and procedures or misappropriate or manipulate the Group's assets for their personal or business advantage to the Group's detriment.

The Group's business, including relationships with third parties, is guided by ethical principles. The Group has adopted a Code of Conduct, applicable to all companies and persons which form part of the Group, and a number of internal policies designed to guide the Group's management and employees and reinforce the Group's values and rules for ethical behavior and professional conduct. (For further information on our Code of Conduct, see "*Item 16B.Code of Ethics*".) However, the Group is unable to ensure that all of the Group's management and employees, more than 125,000 people, or persons doing business with the Group comply at all times with the Group's ethical principles. Acts of misconduct by any employee, and particularly by senior management, could erode trust and confidence and damage

the Group's reputation among existing and potential clients and other stakeholders. Negative public opinion could result from actual or alleged conduct by Group entities in any number of activities or circumstances, including operations, employment-related offenses such as sexual harassment and discrimination, regulatory compliance, the use and protection of data and systems, and the satisfaction of client expectations, and from actions taken by regulators or others in response to such conduct.

As of the date of this Base Prospectus, the Group is conducting an investigation, led by PricewaterhouseCoopers through the Guarantor's external legal counsel Garrigues, along with Uría Menéndez, regarding allegations of improper activity related to the Group's relationship with Grupo Cenyt which may have violated the Group's ethical standards and applicable governance or regulatory obligations. Governmental authorities are also investigating this matter. The Group is carrying out the investigation to protect the Group's interests and in connection therewith are cooperating with judicial authorities and BBVA's supervisors. It is not possible at this time to predict the scope or duration of the Group's investigation or any investigations by judicial authorities, or their likely outcomes.

Any failure, whether real or perceived, to follow the Group's ethical principles or to comply with applicable governance or regulatory obligations could harm the Group's reputation, subject it to additional regulatory scrutiny, or otherwise adversely affect the Group's business, financial condition and results of operations.

As of 31 March 2019 and 31 December 2018, 2017 and 2016, the balance of "Customer Deposits" represented approximately 73 per cent., 74 per cent., 69 per cent. and 68 per cent., respectively, of "Financial liabilities at amortised cost" of BBVA Group.

Liquidity and Financial Risks

BBVA has a continuous demand for liquidity to fund its business activities. BBVA may suffer during periods of market-wide or firm-specific liquidity constraints, and liquidity may not be available to it even if its underlying business remains strong

Liquidity and funding continue to remain a key area of focus for the Group and the industry as a whole. Like all major banks, the Group is dependent on confidence in the short- and long-term wholesale funding markets. Should the Group, due to exceptional circumstances or otherwise, be unable to continue to source sustainable funding, its ability to fund its financial obligations could be affected.

BBVA's profitability or solvency could be adversely affected if access to liquidity and funding is constrained or made more expensive for a prolonged period of time. Under extreme and unforeseen circumstances, such as the closure of financial markets and uncertainty as to the ability of a significant number of firms to ensure they can meet their liabilities as they fall due, the Group's ability to meet its financial obligations as they fall due or to fulfill its commitments to lend could be affected through limited access to liquidity (including government and central bank facilities). In such extreme circumstances, the Group may not be in a position to continue to operate without additional funding support, which it may be unable to access. These factors may have a material adverse effect on the Group's solvency, including its ability to meet its regulatory minimum liquidity requirements. These risks can be exacerbated by operational factors such as an over-reliance on a particular source of funding or changes in credit ratings, as well as market-wide phenomena such as market dislocation, regulatory change or major disasters.

In addition, corporate and institutional counterparties may seek to reduce aggregate credit exposures to BBVA (or to all banks), which could increase the Group's cost of funding and limit its access to liquidity. The funding structure employed by the Group may also prove to be inefficient, thus giving rise to a level of funding cost where the cumulative costs are not sustainable over the longer term. The funding needs of the Group may increase and such increases may be material to the Group's business, financial condition and results of operations.

Withdrawals of deposits or other sources of liquidity may make it more difficult or costly for the Group to fund its business on favorable terms, cause the Group to take other actions or even lead to the exercise of any Spanish Bail-in Power

Historically, one of the Group's principal sources of funds has been savings and demand deposits. Large-denomination time deposits may, under some circumstances, such as during periods of significant interest-rate-based competition for these types of deposits, be a less stable source of deposits than savings and demand deposits. The level of wholesale and retail deposits may also fluctuate due to other factors outside the Group's control, such as a loss of confidence (including as a result of administrative initiatives, including the exercise of any Spanish Bail-in Power and/or confiscation and/or taxation of creditors' funds) or competition from investment funds or other products. The introduction of a national tax on outstanding deposits could adversely affect the Group's activities, especially in Spain.

Moreover, there can be no assurance that, in the event of a sudden or unexpected withdrawal of deposits or shortage of funds in the banking systems or money markets in which the Group operates, or where such withdrawal specifically affects the Group, the Group will be able to maintain its current levels of funding without incurring higher funding costs or having to liquidate certain of its assets. Furthermore, in such an event, the Guarantor could be subject to the adoption of an early intervention or, ultimately, resolution measure by a Relevant Spanish Resolution Authority pursuant to Law 11/2015 (including, among others but without limitation, the Spanish Bail-in Power and/or Non-Viability Loss Absorption). See "*—Legal, Regulatory and Compliance Risks—Bail-in and write-down powers under the BRRD and the SRM Regulation may adversely affect the Group's business and the value of any securities it may issue*" below.

In addition, if public sources of liquidity, such as the ECB extraordinary measures adopted in response to the financial crisis since 2008, are removed from the market, there can be no assurance that the Group will be able to maintain its current levels of funding without incurring higher funding costs or having to liquidate certain of its assets or taking additional deleverage measures, and could be subject to the adoption of any early intervention or, ultimately, resolution measures by resolution authorities pursuant to Law 11/2015 (including, among others but without limitation, the Spanish Bail-in Power and/or Non-Viability Loss Absorption).

As of 31 March 2019 and 31 December 2018, 2017 and 2016, the balance of "Customer Deposits" represented approximately 73 per cent., 74 per cent., 69 per cent. and 68 per cent., respectively, of "Financial liabilities at amortised cost" of BBVA Group

Implementation of internationally accepted liquidity ratios might require changes in business practices that affect the profitability of the Guarantor's business activities

The liquidity coverage ratio ("**LCR**") is a quantitative liquidity standard developed by the BCBS to ensure that those banking organisations to which this standard applies have sufficient high-quality liquid assets to cover expected net cash outflows over a 30-day liquidity stress period. The final standard was announced in January 2013 by the BCBS. The LCR has been progressively implemented since 2015 in accordance with the CRR, with banks having had to fully comply (100 per cent.) with such ratio since 1 January 2018. As of 31 December 2018, the LCR of the Group was 127 per cent.

The BCBS's net stable funding ratio ("**NSFR**") has a time horizon of one year and has been developed to provide a sustainable maturity structure of assets and liabilities such that banks maintain a stable funding profile in relation to their on- and off-balance sheet activities that reduces the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that could increase the risk of its failure. The BCBS contemplated that the NSFR, including any revisions, was to be implemented by member countries as a minimum standard by 1 January 2018, with no phase-in. While the NSFR has not yet been introduced, the EU Banking Reforms propose the introduction of a harmonised binding requirement for the NSFR across the EU.

Various elements of the LCR and the NSFR, as they are implemented by national banking regulators and complied with by the Guarantor, may cause changes that affect the profitability of business activities and require changes to certain business practices, which could expose the Guarantor to additional costs (including increased compliance costs) or have a material adverse effect on the Guarantor's business, financial condition or results of operations. These changes may also cause the Guarantor to invest significant management attention and resources to make any necessary changes.

The Group's businesses are subject to inherent risks concerning borrower and counterparty credit quality which have affected and are expected to continue to affect the recoverability and value of assets on the Group's balance sheet

The Group has exposures to many different products, counterparties and obligors and the credit quality of its exposures can have a significant effect on the Group's earnings. Adverse changes in the credit quality of the Group's borrowers and counterparties or collateral, or in their behavior or businesses, may reduce the value of the Group's assets, and materially increase the Group's write-downs and provisions for impairment losses. Credit risk can be affected by a range of factors, including an adverse economic environment, reduced consumer and/or government spending, global economic slowdown, changes in the rating of individual counterparties, the debt levels of individual contractual counterparties and the economic environment they operate in, increased unemployment, reduced asset values, increased personal or corporate insolvency levels, reduced corporate profits, changes (and the timing, quantum and pace of these changes) in interest rates, counterparty challenges to the interpretation or validity of contractual arrangements and any external factors of a legislative or regulatory nature. In recent years, the global economic crisis has driven cyclically high bad debt charges.

The maximum exposure to the Group's credit risk as of 31 December 2018. This information does not deduct collateral or credit improvements obtained to ensure compliance with payment obligations. The information is disaggregated according to the nature of the financial instruments and the counterparty:

Maximum Credit Risk Exposure (Millions of Euros)

	December 2018	**Stage 1**	**Stage 2**	**Stage 3**
Financial assets held for trading	**59,581**			
Debt securities	25,577			
Equity instruments	5,254			
Loans and advances to customers	28,750			
Non-trading financial assets mandatorily at fair value through profit or loss	**5,135**			
Loans and advances to customers	1,803			
Debt securities	237			
Equity instruments	3,095			
Financial assets designated at fair value through profit or loss	**1,313**			
Derivatives (trading and hedging)	**38,249**			
Financial assets at fair value through other comprehensive income	**56,332**	**56,329**	**3**	**-**
Debt securities	53,737	53,734	3	-
Equity instruments	2,595	2,595	-	-
Loans and advances to credit institutions	33	33	-	-
Financial assets at amortized cost	**431,927**	**384,632**	**30,902**	**16,394**
Loans and advances to central banks	3,947	3,947	-	-
Loans and advances to credit institutions	9,175	9,131	34	10
Loans and advances to customers	386,225	339,204	30,673	16,348
Debt securities	32,580	32,350	195	35

Maximum Credit Risk Exposure (Millions of Euros)

	December 2018	Stage 1	Stage 2	Stage 3
Total financial assets risk	**592,538**	**440,960**	**30,905**	**16,394**
Total loan commitments and financial guarantees	**170,511**	**161,404**	**8,120**	**987**
Total maximum credit exposure	**763,049**			

The quantitative information related to the maximum credit risk exposure for the first quarter ended 31 March 2019 and the year ended 31 December 2018 is in the Quarterly Report January-March 2019, as it is shown below:

Maximum Credit Risk Exposure (Millions of Euros)

	March 2019	Stage 1	Stage 2	Stage 3
Financial assets held for trading	**62,344**			
Debt securities	27,018			
Equity instruments	5,844			
Loans and advances to customers	29,482			
Non-trading financial assets mandatorily at fair value through profit or loss	**5,535**			
Loans and advances to customers	1,807			
Debt securities	220			
Equity instruments	3,508			
Financial assets designated at fair value through profit or loss	**1,311**			
Derivatives (trading and hedging)	**39,674**			
Financial assets at fair value through other comprehensive income	**60,236**	**60,236**	**-**	**-**
Debt securities	57,529	57,529	-	-
Equity instruments	2,674	2,674	-	-
Loans and advance to credit institutions	33	33		
Financial assets at amortised cost	**445,610**	**397,679**	**31,320**	**16,612**
Loans and advances to central banks	4,983	4,983	-	-
Loans and advances to credit institutions	10,827	10,756	59	12
Loans and advances to customers	393,321	345,654	31,109	16,559
Debt securities	36,479	36,287	152	40
Total financial assets risk	**614,709**	**457,915**	**31,320**	**16,612**
Total loan commitments and financial guarantees	**171,551**	**161,593**	**8,990**	**969**
Total maximum credit exposure	**786,261**			

Impaired assets
Breakdown by sectors

	2018	2017
Debt securities	**35**	**66**
Loans and advances	**16,359**	**19,401**
General governments	128	171
Credit institutions	10	11
Other financial corporations	11	12
Non-financial corporations	8,372	10,791
Households	7,838	8,417
TOTAL IMPAIRED FINANCIAL ASSETS	**16,394**	**19,467**

The ratio of non-performing loans of the Group was 3.9 per cent. and 4.6 per cent. as of 31 December 2018 and 2017, respectively, (compared to 4.9 per cent. and 5.4 per cent. as of 31 December 2016 and 2015, respectively). The coverage ratio (APM) of low-quality loans of the Group was 73 per cent. and 65 per cent. as of 31 December 2018 and 2017, respectively, (as opposed to 70 per cent. and 74 per cent. as of 31 December 2016 and 2015, respectively).

Non-performing or low credit quality loans have in the past and can continue to negatively affect BBVA's results of operations. BBVA cannot assure that it will be able to effectively control the level of the impaired loans in its total loan portfolio. At present, default rates are partly cushioned by low rates of interest which have improved customer affordability, but the risk remains of increased default rates as interest rates start to rise. The timing, quantum and pace of any rise are key risk factors. All new lending is dependent on the Group's assessment of each customer's ability to pay, and there is an inherent risk that the Group has incorrectly assessed the credit quality or willingness of borrowers to pay, possibly as a result of incomplete or inaccurate disclosure by those borrowers or as a result of the inherent uncertainty that is involved in the exercise of constructing models to estimate the true risk of lending to counterparties. The Group estimates and establishes reserves for credit risks and potential credit losses inherent in its credit exposure. This process, which is critical to the Group's results and financial condition, requires difficult, subjective and complex judgments, including forecasts of how macro-economic conditions might impair the ability of borrowers to repay their loans. As is the case with any such assessments, there is always a risk that the Group will fail to adequately identify the relevant factors or that it will fail to estimate accurately the effect of these identified factors, which could have a material adverse effect on the Group's business, financial condition or results of operations.

The Group's business is particularly vulnerable to volatility in interest rates

The Group's results of operations are substantially dependent upon the level of its net interest income, which is the difference between interest income from interest-earning assets and interest expense on interest-bearing liabilities. Interest rates are highly sensitive to many factors beyond the Group's control, including fiscal and monetary policies of governments and central banks, regulation of the financial sectors in the markets in which it operates, domestic and international economic and political conditions and other factors. Changes in market interest rates, including cases of negative reference rates, can affect the interest rates that the Group receives on its interest-earning assets differently to the rates that it pays for its interest-bearing liabilities. This may, in turn, result in a reduction of the net interest income the Group receives, which could have a material adverse effect on its results of operations.

In addition, the high proportion of loans referenced to variable interest rates makes debt service on such loans more vulnerable to changes in interest rates. In addition, a rise in interest rates could reduce the demand for credit and the Group's ability to generate credit for its clients, as well as contribute to an increase in the credit default rate. As a result of these and the above factors, significant changes or volatility in interest rates could have a material adverse effect on the Group's business, financial condition or results of operations.

Sensitivity to Interest-Rate Analysis - December 2018

	Impact on Net Interest Income (*)		Impact on Economic Value (**)	
	100 Basis-Point Increase	100 Basis-Point Decrease	100 Basis-Point Increase	100 Basis-Point Decrease
Europe (***)	+ (5% - 10%)	- (5% - 10%)	+ (0% - 5%)	- (0% - 5%)
Mexico	+ (0% - 5%)	- (0% - 5%)	+ (0% - 5%)	- (0% - 5%)
USA	+ (5% - 10%)	- (5% - 10%)	- (5% - 10%)	+ (0% - 5%)
Turkey	+ (0% - 5%)	- (0% - 5%)	- (0% - 5%)	+ (0% - 5%)
South America	+ (0% - 5%)	- (0% - 5%)	- (0% - 5%)	+ (0% - 5%)
BBVA Group	**+ (0% - 5%)**	**- (0% - 5%)**	**- (0% - 5%)**	**- (0% - 5%)**

(*) Percentage of "1 year" net interest income forecast for each unit.

(**) Percentage of net assets for each unit.

(***) In Europe downward movement allowed until more negative level than current rates.

The Group has a substantial amount of commitments with personnel considered wholly unfunded due to the absence of qualifying plan assets

The Group's commitments with personnel which are considered to be wholly unfunded are recognised under the heading "*Provisions—Provisions for Pensions and Similar Obligations*" in its consolidated balance sheets included in the Consolidated Financial Statements. For more information, please see Note 25 to the 2018 consolidated financial statements of the Guarantor.

The Group faces liquidity risk in connection with its ability to make payments on its unfunded commitments with personnel, which it seeks to mitigate, with respect to post-employment benefits, by maintaining insurance contracts which were contracted with insurance companies owned by the Group. The insurance companies have recorded in their balance sheets specific assets (fixed interest deposit and bonds) assigned to the funding of these commitments. The insurance companies also manage derivatives (primarily swaps) to mitigate the interest rate risk in connection with the payments of these commitments. The Group seeks to mitigate liquidity risk with respect to early retirements and post-employment welfare benefits through oversight by the Assets and Liabilities Committee ("**ALCO**") of the Group. The Group's ALCO manages a specific asset portfolio to mitigate the liquidity risk resulting from the payments of these commitments. These assets are government and covered bonds which are issued at fixed interest rates with maturities matching the aforementioned commitments. The Group's ALCO also manages derivatives (primarily swaps) to mitigate the interest rate risk in connection with the payments of these commitments. Should BBVA fail to adequately manage liquidity risk and interest rate risk either as described above or otherwise, it could have a material adverse effect on the Group's business, financial condition and results of operations.

The following table shows the average levels of interest risk, in terms of sensitivity of the Group´s main geographies during the 2018 consolidated financial statements of the Guarantor year.

The following table shows the average levels of interest risk, in terms of sensitivity of the Group´s main geographies during the 2018 consolidated financial statements of the Guarantor year.

Sensitivity to Interest-Rate Analysis - December 2018

	Impact on Net Interest Income (*)		Impact on Economic Value (**)	
	100 Basis-Point Increase	100 Basis-Point Decrease	100 Basis-Point Increase	100 Basis-Point Decrease
Europe (***)	+ (5% - 10%)	- (5% - 10%)	+ (0% - 5%)	- (0% - 5%)
Mexico	+ (0% - 5%)	- (0% - 5%)	+ (0% - 5%)	- (0% - 5%)
USA	+ (5% - 10%)	- (5% - 10%)	- (5% - 10%)	+ (0% - 5%)
Turkey	+ (0% - 5%)	- (0% - 5%)	- (0% - 5%)	+ (0% - 5%)
South America	+ (0% - 5%)	- (0% - 5%)	- (0% - 5%)	+ (0% - 5%)
BBVA Group	**+ (0% - 5%)**	**- (0% - 5%)**	**- (0% - 5%)**	**- (0% - 5%)**

(*) Percentage of "1 year" net interest income forecast for each unit.
(**) Percentage of net assets for each unit.
(***) In Europe downward movement allowed until more negative level than current rates.

BBVA and certain of its subsidiaries are dependent on their credit ratings and any reduction of their credit ratings could materially and adversely affect the Group's business, financial condition and results of operations

BBVA and certain of its subsidiaries are rated by various credit rating agencies. The credit ratings of BBVA and such subsidiaries are an assessment by rating agencies of their ability to pay their obligations when due. Any actual or anticipated decline in BBVA's or such subsidiaries' credit ratings to below investment grade or otherwise may increase the cost of and decrease the Group's ability to finance itself in the capital markets, secured funding markets (by affecting its ability to replace downgraded assets with better-rated ones), or interbank markets, through wholesale deposits or otherwise, harm its reputation, require it to replace funding lost due to the downgrade, which may include the loss of customer deposits, and make third parties less willing to transact business with the Group or otherwise materially adversely affect its business, financial condition and results of operations. Furthermore, any decline in BBVA's or such subsidiaries' credit ratings to below investment grade or otherwise could breach certain agreements or trigger additional obligations under such agreements, such as a requirement to post additional collateral, which could materially adversely affect the Group's business, financial condition and results of operations. See "—Macroeconomic Risks—Any decline in the Kingdom of Spain's sovereign credit ratings could adversely affect the Group's business, financial condition and results of operations".

Highly-indebted households and corporations could endanger the Group's asset quality and future revenues

In recent years, households and businesses have reached a high level of indebtedness, particularly in Spain, which has created increased risk in the Spanish banking system. In addition, the high proportion of loans referenced to variable interest rates makes debt service on such loans more vulnerable to upward movements in interest rates and the profitability of the loans more vulnerable to interest rate decreases. As of 31 December 2018, 2017 and 2016, the 62 per cent., 62 per cent. and 66 per cent. of the operations of "Loans and advances to customers" with a maturity of more than one year were formalised at a variable interest rate. Highly indebted households and businesses are less likely to be able to service debt obligations as a result of adverse economic events, which could have an adverse effect on the Group's loan portfolio and, as a result, on its financial condition and results of operations. Moreover, the increase in households' and businesses' indebtedness also limits their ability to incur additional debt, reducing the number of new products that the Group may otherwise be able to sell to them and limiting the Group's ability to attract new customers who satisfy its credit standards, which could have an adverse effect on the Group's ability to achieve its growth plans.

The Group depends in part upon dividends and other funds from subsidiaries

Some of the Group's operations are conducted through its financial services subsidiaries. As a result, BBVA's ability to pay dividends, to the extent BBVA decides to do so, depends in part on the ability of the Group's subsidiaries to generate earnings and to pay dividends to BBVA. Payment of dividends, distributions and advances by the Group's subsidiaries is contingent upon their earnings and business considerations and is or may be limited by legal, regulatory

and contractual restrictions. For instance, the repatriation of dividends from the Group's Venezuelan and Argentinean subsidiaries have been subject to certain restrictions and there is no assurance that further restrictions will not be imposed. Additionally, BBVA's right to receive any assets of any of the Group's subsidiaries as an equity holder of such subsidiaries upon their liquidation or reorganisation, will be effectively subordinated to the claims of subsidiaries' creditors, including trade creditors. The Group also has to comply with increased capital requirements, which could result in the imposition of restrictions or prohibitions on discretionary payments including the payment of dividends and other distributions to the Group by its subsidiaries (see "*—Legal, Regulatory and Compliance Risks—Increasingly onerous capital requirements may have a material adverse effect on BBVA's business, financial condition and results of operations*").

Business and Industry Risks

The Group faces increasing competition in its business lines

The markets in which the Group operates are highly competitive and this trend will likely continue with new business models likely to be developed in coming years whose impact is unforeseeable. In addition, the trend towards consolidation in the banking industry has created larger and stronger banks with which the Group must now compete.

The Group also faces competition from non-bank competitors, such as payment platforms, e-commerce businesses, department stores (for some credit products), automotive finance corporations, leasing companies, factoring companies, mutual funds, pension funds, insurance companies, and public debt.

In recent years, the financial services sector has experienced a significant transformation, closely linked to the development of the internet and mobile technologies. Part of that transformation involves the entrance of new players, such as non-bank digital providers that compete (and cooperate) between them and with banks in most of the areas of financial services as well as large digital players such as Amazon, Google, Facebook or Apple, who have also started to offer financial services (mainly, payments and credit) ancillary to their core business. However, as of the date of this Base Prospectus, there is an uneven playing field between banks and such non-bank players. For example, banking groups are subject to prudential regulations that have implications for most of their businesses, including those in which they compete with non-bank players that are only subject to activity-specific regulations or benefit from regulatory uncertainty. In addition, fintech activities are generally subject to additional rules on internal governance when they are carried out within a banking group. For instance, the CRD IV Directive limits the ratio between the variable and the fixed salary that financial institutions can pay to certain staff members identified as risk takers. This places banking groups, such as the Group, at a competitive disadvantage for attracting and retaining digital talent and for retaining the founders and management teams of acquired start-ups.

Existing loopholes in the regulatory framework are another source of uneven playing fields between banks and non-bank players. Some new services or business models are not yet covered under existing regulations. In these cases, asymmetries between players arise since regulated providers often face obstacles to engage in unregulated activities. For instance, the EBA has recommended to competent authorities that they prevent credit institutions, payment institutions and e-money institutions from buying, holding or selling virtual currencies.

The Group's future success may depend, in part, on its ability to use technology to provide products and services that provide convenience to customers. Despite the technological capabilities the Group has been developing and its commitment to digitalisation, as a result of the uneven playing field referred to above or for other reasons, the Group may not be able to effectively implement new technology-driven products and services or be successful in marketing or delivering these products and services to its customers, which would adversely affect the Group's business, financial condition and results of operations.

In addition, companies offering new applications and financial-related services based on artificial intelligence are becoming more competitive. The often lower cost and higher processing speed of these new applications and services can be especially attractive to technologically-adept purchasers. As technology continues to evolve, more tasks currently performed by people may be replaced by automation, machine learning and other advances outside of the Group's control. If the Group is not able to successfully keep pace with these technological advances, its business may be adversely affected.

In addition, the project of achieving a European capital markets union was launched by the European Commission as a plan to mobilise capital in Europe, being one of its main objectives to provide businesses with a greater choice of funding at lower costs and to offer new opportunities for savers and investors. These objectives are expected to be achieved by developing a more diversified financial system complementing bank financing with deep and developed capital markets, which may adversely affect the Group's business, financial condition and results of operations.

The Group faces risks related to its acquisitions and divestitures

The Group's mergers and acquisitions activity involves divesting its interests in some businesses and strengthening other business areas through acquisitions. The Group may not complete these transactions in a timely manner, on a cost-effective basis or at all. Even though the Group reviews the companies it plans to acquire, it is generally not feasible for these reviews to be complete in all respects. As a result, the Group may assume unanticipated liabilities, or an acquisition may not perform as well as expected. In addition, transactions such as these are inherently risky because of the difficulties of integrating people, operations and technologies that may arise. There can be no assurance that any of the businesses the Group acquires can be successfully integrated or that they will perform well once integrated. Acquisitions may also lead to potential write-downs due to unforeseen business developments that may adversely affect the Group's results of operations.

The Group's results of operations could also be negatively affected by acquisition or divestiture-related charges, amortisation of expenses related to intangibles and charges for impairment of long-term assets. The Group may be subject to litigation in connection with, or as a result of, acquisitions or divestitures, including claims from terminated employees, customers or third parties, and the Group may be liable for future or existing litigation and claims related to the acquired business because either the Group is not indemnified for such claims or the indemnification is insufficient. Further, in the case of a divestiture, the Group may be required to indemnify the buyer in respect of certain matters, including claims against the divested entity or business. Any of the foregoing, could cause the Group to incur significant expenses and could materially adversely affect its business, financial condition and results of operations.

The Group's ability to maintain its competitive position depends significantly on its international operations, which expose the Group to foreign exchange, political and other risks in the countries in which it operates, which could cause an adverse effect on its business, financial condition and results of operations

The Group operates commercial banks and insurance and other financial services companies in various countries and its overall success as a global business depends upon its ability to succeed in differing economic, social and political conditions. The Group is particularly sensitive to developments in Mexico, the United States, Turkey and Argentina, which represented 14.3 per cent., 12.1 per cent., 9.8 per cent. and 1.2 per cent. of the Group's assets as at 31 December 2018, respectively.

The Group is confronted with different legal and regulatory requirements in many of the jurisdictions in which it operates. See *"—Legal, Regulatory and Compliance Risks—Local regulation may have a material effect on BBVA's business, financial condition, results of operations and cash flows"*. These include, but are not limited to, different tax regimes and laws relating to the repatriation of funds or nationalisation or expropriation of assets. The Group's international operations may also expose it to risks and challenges which its local competitors may not be required to face, such as exchange rate risk, difficulty in managing a local entity from abroad, political risk which may be particular to foreign investors and limitations on the distribution of dividends. As of 31 December 2018, approximately 45.4 per cent. of the Group's assets and approximately 44.6 per cent. of its liabilities were denominated in currencies other than euro.

The Group's exposure to interest rate risk has remained reasonably stable since the end of 2016. The hedging policy aims to maintain low levels of sensitivity to emerging currency movements against the euro and focuses mainly on the Mexican peso, and the Turkish lira. The level of risk mitigation in the Group's capital ratio in relation to the book value of foreign currencies owned by the Group remained at around 70 per cent. and, at 31 December 2018, the sensitivity to the CET1 ratio at a 1 per cent. appreciation in the euro for each currency was: US dollars 1.1 basis points; Mexican peso -0.2 basis points; Turkish lira -0.2 basis points; other currencies -0.2 basis points. On the other hand, the coverage of revenues obtained in emerging currencies reached 82 per cent. in 2018, concentrating on the Mexican peso and the Turkish lira.

The Group's presence in locations such as the Latin American markets or Turkey requires it to respond to rapid changes in market conditions in these countries and exposes the Group to increased risks relating to emerging markets. See "*—Macroeconomic Risks—The Group may be materially adversely affected by developments in the emerging markets where it operates".* There can be no assurance that the Group will succeed in developing and implementing policies and strategies that are effective in each country in which it operates or that any of the foregoing factors will not have a material adverse effect on its business, financial condition and results of operations.

Reporting and Other Financial and Operational Risks

Weaknesses or failures in the Group's internal or outsourced processes, systems and security could materially adversely affect its business, financial condition and results of operations and could result in reputational damage

Operational risks, through inadequate or failed internal processes, systems (including financial reporting and risk monitoring processes) or security, or from people-related or external events, including the risk of fraud and other criminal acts carried out by Group employees or against Group companies, are present in the Group's businesses. These businesses are dependent on processing and reporting accurately and efficiently a high volume of complex transactions across numerous and diverse products and services, in different currencies and subject to a number of different legal and regulatory regimes. Any weakness in these internal processes, systems or security could have an adverse effect on the Group's results, the reporting of such results, and on the ability to deliver appropriate customer outcomes during the affected period. In addition, any breach in security of the Group's systems could disrupt its business, result in the disclosure of confidential information and create significant financial and legal exposure for the Group. Although the Group devotes significant resources to maintain and regularly update its processes and systems that are designed to protect the security of its systems, software, networks and other technology assets, there is no assurance that all of its security measures will provide absolute security. Furthermore, the Group has outsourced certain functions (such as the storage of certain information) to third parties and, as a result, it is dependent on the adequacy of the internal processes, systems and security measures of such third parties. Any actual or perceived inadequacies, weaknesses or failures in the Group's systems, processes or security or the systems, processes or security of such third parties could damage the Group's reputation (including harming customer confidence) or could otherwise have a material adverse effect on its business, financial condition and results of operations.

The financial industry is increasingly dependent on information technology systems, which may fail, may not be adequate for the tasks at hand or may no longer be available

Banks and their activities are increasingly dependent on highly sophisticated information technology ("**IT**") systems. IT systems are vulnerable to a number of problems, such as software or hardware malfunctions, computer viruses, hacking and physical damage to vital IT centers. IT systems need regular upgrading and banks, including BBVA, may not be able to implement necessary upgrades on a timely basis or upgrades may fail to function as planned.

Furthermore, the Group is under continuous threat of loss due to cyber-attacks, especially as it continues to expand customer capabilities to utilise internet and other remote channels to transact business. Two of the most significant cyber-attack risks that it faces are e-fraud and breach of sensitive customer data. Loss from e-fraud occurs when cybercriminals breach and extract funds directly from customers' or the Group's accounts. A breach of sensitive customer data, such as account numbers, could present significant reputational impact and significant, legal and/or regulatory costs to the Group.

Over the past few years, there have been a series of distributed denial of service attacks on financial services companies. Distributed denial of service attacks are designed to saturate the targeted online network with excessive amounts of network traffic, resulting in slow response times, or in some cases, causing the site to be temporarily unavailable. Generally, these attacks have not been conducted to steal financial data, but meant to interrupt or suspend a company's internet service. While these events may not result in a breach of client data and account information, the attacks can adversely affect the performance of a company's website and in some instances have prevented customers from accessing a company's website. Distributed denial of service attacks, hacking and identity theft risks could cause serious reputational harm. Cyber threats are rapidly evolving and the Group may not be able to anticipate or prevent all such attacks. The Group's risk and exposure to these matters remains heightened because of the evolving nature and complexity of these threats from cybercriminals and hackers, its plans to continue to provide internet banking and

mobile banking channels, and its plans to develop additional remote connectivity solutions to serve its customers. The Group may incur increasing costs in an effort to minimise these risks and could be held liable for any security breach or loss.

Additionally, fraud risk may increase as the Group offers more products online or through mobile channels.

In addition to costs that may be incurred as a result of any failure of its IT systems, the Group could face fines from bank regulators if it fails to comply with applicable banking or reporting regulations as a result of any such IT failure or otherwise.

Any of the above risks could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group faces security risks, including denial of service attacks, hacking, social engineering attacks targeting its partners and customers, malware intrusion or data corruption attempts, and identity theft that could result in the disclosure of confidential information, adversely affect its business or reputation, and create significant legal and financial exposure

The Group's computer systems and network infrastructure and those of third parties, on which it is highly dependent, are subject to security risks and could be susceptible to cyber-attacks, such as denial of service attacks, hacking, terrorist activities or identity theft. The Group's business relies on the secure processing, transmission, storage and retrieval of confidential, proprietary and other information in its computer and data management systems and networks, and in the computer and data management systems and networks of third parties. In addition, to access the Group's network, products and services, its customers and other third parties may use personal mobile devices or computing devices that are outside of its network environment and are subject to their own cybersecurity risks.

The Group, its customers, regulators and other third parties, including other financial services institutions and companies engaged in data processing, have been subject to, and are likely to continue to be the target of, cyber-attacks. These cyber-attacks include computer viruses, malicious or destructive code, phishing attacks, denial of service or information, ransomware, improper access by employees or vendors, attacks on personal email of employees, ransom demands to not expose security vulnerabilities in the Group's systems or the systems of third parties or other security breaches that could result in the unauthorised release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of the Group, its employees, its customers or of third parties, damage its systems or otherwise materially disrupt the Group's or its customers' or other third parties' network access or business operations. As cyber threats continue to evolve, the Group may be required to expend significant additional resources to continue to modify or enhance its protective measures or to investigate and remediate any information security vulnerabilities or incidents. Despite efforts to ensure the integrity of the Group's systems and implement controls, processes, policies and other protective measures, the Group may not be able to anticipate all security breaches, nor may it be able to implement guaranteed preventive measures against such security breaches and the measures implemented by the Group may not be sufficient. Cyber threats are rapidly evolving and the Group may not be able to anticipate or prevent all such attacks and could be held liable for any security breach or loss.

Cybersecurity risks for banking organisations have significantly increased in recent years in part because of the proliferation of new technologies, and the use of the internet and telecommunications technologies to conduct financial transactions. For example, cybersecurity risks may increase in the future as the Group continues to increase its mobile-payment and other internet-based product offerings and expand its internal usage of web-based products and applications. In addition, cybersecurity risks have significantly increased in recent years in part due to the increased sophistication and activities of organised crime affiliates, terrorist organisations, hostile foreign governments, disgruntled employees or vendors, activists and other external parties, including those involved in corporate espionage. Even the most advanced internal control environment may be vulnerable to compromise. Targeted social engineering attacks and "spear phishing" attacks are becoming more sophisticated and are extremely difficult to prevent. In such an attack, an attacker will attempt to fraudulently induce colleagues, customers or other users of the Group's systems to disclose sensitive information in order to gain access to its data or that of its clients. Persistent attackers may succeed in penetrating the Group's defenses given enough resources, time, and motive. The techniques used by cyber criminals

change frequently, may not be recognised until launched and may not be recognised until well after a breach has occurred. The risk of a security breach caused by a cyber-attack at a vendor or by unauthorised vendor access has also increased in recent years. Additionally, the existence of cyber-attacks or security breaches at third-party vendors with access to the Group's data may not be disclosed to it in a timely manner.

The Group also faces indirect technology, cybersecurity and operational risks relating to the customers, clients and other third parties with whom it does business or upon whom it relies to facilitate or enable its business activities, including, for example, financial counterparties, regulators and providers of critical infrastructure such as internet access and electrical power. As a result of increasing consolidation, interdependence and complexity of financial entities and technology systems, a technology failure, cyber-attack or other information or security breach that significantly degrades, deletes or compromises the systems or data of one or more financial entities could have a material impact on counterparties or other market participants, including the Group. This consolidation, interconnectivity and complexity increase the risk of operational failure, on both individual and industry-wide bases, as disparate systems need to be integrated, often on an accelerated basis. Any third-party technology failure, cyber-attack or other information or security breach, termination or constraint could, among other things, adversely affect the Group's ability to effect transactions, service its clients, manage its exposure to risk or expand its business.

Cyber-attacks or other information or security breaches, whether directed at the Group or third parties, may result in a material loss or have material consequences. Furthermore, the public perception that a cyber-attack on its systems has been successful, whether or not this perception is correct, may damage the Group's reputation with customers and third parties with whom it does business. Hacking of personal information and identity theft risks, in particular, could cause serious reputational harm. A successful penetration or circumvention of system security could cause the Group serious negative consequences, including loss of customers and business opportunities, significant business disruption to its operations and business, misappropriation or destruction of its confidential information and/or that of its customers, or damage to the Group's or its customers' and/or third parties' computers or systems, and could result in a violation of applicable privacy laws and other laws, litigation exposure, regulatory fines, penalties or intervention, loss of confidence in the Group's security measures, reputational damage, reimbursement or other compensatory costs, additional compliance costs, and could adversely impact its results of operations, liquidity and financial condition.

The Group could be the subject of misinformation

The Group may be the subject of intentional misinformation and misrepresentations deliberately propagated to harm the Group's reputation or for other deceitful purposes. Such misinformation could also be propagated by profiteering short sellers seeking to gain an illegal market advantage by spreading false information concerning the Group. The Group cannot assure that it will effectively neutralise and contain any false information that may be propagated regarding the Group, which could have an adverse effect on the Group's business, financial condition and results of operations.

BBVA's financial statements are based in part on assumptions and estimates which, if inaccurate, could cause material misstatement of the results of its operations and financial position

The preparation of financial statements in compliance with IFRS-IASB requires the use of estimates. It also requires management to exercise judgment in applying relevant accounting policies. The key areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the consolidated and individual financial statements, include the classification, measurement and impairment of financial assets, the assumptions used to quantify certain provisions and for the actuarial calculation of post-employment benefit liabilities and commitments, the useful life and impairment losses of tangible and intangible assets, the valuation of goodwill and purchase price allocation of business combinations, the fair value of certain unlisted financial assets and liabilities, the recoverability of deferred tax assets and the exchange and inflation rates of Venezuela. There is a risk that if the judgment exercised or the estimates or assumptions used subsequently turn out to be incorrect then this could result in significant loss to the Group beyond that anticipated or provided for, which could have an adverse effect on the Group's business, financial condition and results of operations.

Observable market prices are not available for many of the financial assets and liabilities that the Group holds at fair value and a variety of techniques to estimate the fair value are used. Should the valuation of such financial assets or

liabilities become observable, for example as a result of sales or trading in comparable assets or liabilities by third parties, this could result in a materially different valuation to the current carrying value in the Group's financial statements.

The further development of standards and interpretations under IFRS-IASB could also significantly affect the results of operations, financial condition and prospects of the Group. See "*—The Group's financial results, regulatory capital and ratios may be negatively affected by changes to accounting standards*".

The Group's financial results, regulatory capital and ratios may be negatively affected by changes to accounting standards

The Group reports its results and financial position in compliance with IFRS-IASB and in accordance with EU-IFRS required to be applied under the Bank of Spain's Circular 4/2017, which replaced the Bank of Spain's Circular 4/2004 for financial statements relating to periods ended 1 January 2018 and thereafter. Changes to IFRS or interpretations thereof may cause the Group's future reported results and financial position to differ from current expectations, or historical results to differ from those previously reported due to the adoption of accounting standards on a retrospective basis. Such changes may also affect the Group's regulatory capital and ratios. The Group monitors potential accounting changes and, when possible, it determines their potential impact and discloses significant future changes in its financial statements that the Group expects as a result of those changes. Currently, there are a number of issued but not yet effective IFRS changes, as well as potential IFRS changes, some of which could be expected to impact the Group's reported results, financial position and regulatory capital in the future. For further information about developments in financial accounting and reporting standards, see Note 2.3 to the 2018 consolidated financial statements of the Guarantor ("Recent IFRS pronouncements").

3. Risks relating to the Notes

Notes may be redeemed prior to their scheduled maturity

In the event that the Issuer would be required to pay additional amounts in respect of any Notes due to any withholding as provided in General Condition 7 of the "*Terms and Conditions of the Notes*" or the performance of the Issuer's obligations under the Notes or any arrangements made to hedge its obligations under the Notes has or will become unlawful, illegal or otherwise prohibited in whole or in part or if an Administrator/Benchmark Event (as defined in General Condition 6(c) occurs), the Issuer may or be required to redeem all of the Notes then outstanding in accordance with the Terms and Conditions of the Notes.

In the event that one or more Events of Default (as defined in General Condition 9 of the "*Terms and Conditions of the Notes*") occurs, the Notes may become immediately due and repayable at their Early Redemption Amount. In addition, if "Automatic Early Redemption Event" is specified as being applicable in the Final Terms, on the occurrence of an Automatic Early Redemption Event the Notes will be automatically redeemed at their Automatic Early Redemption Amount. If an Additional Disruption Event or an Extraordinary Event occurs, the Issuer may redeem the Notes early.

The Final Terms for a particular issue of Notes may provide for early redemption at the option of the Issuer. Such right of termination is often provided for Notes in periods of high interest rates. If the market interest rates decrease, the risk to Noteholders that the Issuer will exercise its right of termination increases. As a consequence, the yields received upon redemption may be lower than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. As a consequence, the Noteholder may not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes.

Claims of Holders under the Notes are effectively junior to those of certain other creditors

The Notes and any guarantee in respect of them (the "**Guarantee**") are unsecured and unsubordinated obligations of the Issuer and the Guarantor, respectively. Subject to statutory preferences, the Notes and the Guarantee will rank equally with any of the Issuer's and the Guarantor's other unsecured and unsubordinated indebtedness. However, the Notes and the Guarantee will be effectively subordinated to all of, respectively, the Issuer's and the Guarantor's secured indebtedness, to the extent of the value of the assets securing such indebtedness, and other preferential obligations

under Spanish law. The Guarantee is also structurally subordinated to all indebtedness of subsidiaries of the Guarantor insofar as any right of the Guarantor to receive any assets of such companies upon their winding up will be effectively subordinated to the claims of the creditors of those companies in the winding up.

In addition, the BRRD and Law 11/2015 contemplate that Notes may be subject to the application of the general bail-in tool (see "*Risks related to Early Intervention and Resolution - The taking of any action under Law 11/2015, which partially implements the BRRD, could materially affect the value of any Notes. The Notes may also be subject to loss absorption through their permanent write-down and/or conversion into equity" above).*

Spanish tax rules

RD 1145/2011 modified, among other provisions, article 44 of Royal Decree 1065/2007, of 27th July ("**RD 1065/2007**") which sets out the reporting obligations applicable to preference shares and debt instruments issued under additional provision one of Law 10/2014, of 26th June ("**Law 10/2014**"). The new procedures apply to interest deriving from preference shares and debt instruments to which Law 10/2014 refers, including debt instruments issued at a discount for a period equal to or less than twelve months.

Notes originally registered with the entities that manage clearing systems located in Spain.

According to the wording of article 44.4 of RD 1065/2007, income derived from securities originally registered with a clearing system located in Spain, will be paid free of Spanish withholding tax in respect to non-Spanish-resident holders (acting or not through a permanent establishment in the Kingdom of Spain) or to legal entities that are resident in the Kingdom of Spain for tax purposes and are subject to Corporate Income Tax, provided that the entities which hold values registered on its third parties accounts or, if applicable, the entities that manage clearing systems located outside Spain which have entered into an agreement with such clearing system located in Spain, submit a statement to the Issuer in accordance with the form attached as annex to RD 1065/2007 (see "Supplementary Annex" under "Taxation" section of this Base Prospectus) with the following information:

(A) identification of the securities;

(B) total amount of income;

(C) amount of income received by individual with tax residency in Spain which are subject to Personal Income Tax; and

(D) amount of income received that will be paid free of Spanish withholding tax.

Notes originally registered with the entities that manage clearing systems located outside Spain.

According to the literal wording of Article 44.5 of RD 1065/2007, income derived from securities originally registered with the entities that manage clearing systems located outside Spain, and are recognised by Spanish law or by the law of another OECD country (such as the Depository Trust Company ("**DTC**"), Euroclear or Clearstream), will be paid free of Spanish withholding tax provided that the Paying Agent appointed by the Issuer submits a statement to the Issuer, the form of which is included in the Agency Agreement, with the following information:

(i) identification of the securities; and

(ii) total amount of the income corresponding to each clearing system located outside Spain.

These obligations refer to the total amount paid to investors through each foreign clearing house. For these purposes, "income means interest and the difference, if any, between the aggregate amount payable on the redemption of the Notes and the issue price of the Notes".

In accordance with Article 44 of RD 1065/2007 as amended by RD 1145/2011, the relevant Paying Agent should provide the relevant Issuer with the statement on the business day immediately prior to each interest payment date. The statement must reflect the situation at the close of business of that same day. In the event that on such date, the entity(ies) obliged to provide the declaration fail to do so, the Issuer or the Paying Agent on its behalf will make a

withholding at the general rate (currently 19 per cent.) on the total amount of the return on the relevant Notes otherwise payable to such entity.

Notwithstanding the foregoing, the Issuer has agreed that in the event withholding tax should be required by law, the Issuer shall pay such additional amounts as would have been received had no such withholding or deduction been required, except as provided in Condition 7 and as otherwise described in this Base Prospectus.

General

The procedure described in this Base Prospectus for the provision of information required by Spanish laws and regulations is a summary only and none of the Issuer, the Guarantor or the Dealers, assumes any responsibility therefore. In the event that the currently applicable procedures are modified, amended or supplemented by, among other things, any Spanish law, regulation, interpretation or ruling of the Spanish tax authorities, the Issuer will notify the holders of such information procedures and their implications, as the Issuer may be required to apply withholding tax on distributions in respect of the relevant securities if the holders do not comply with such information procedures.

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors

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

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

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

The Issuer may be expected to redeem 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.

The Issuer of the Notes may be substituted without the consent of the Noteholders

The conditions of the Notes provide that the Issuer of the Notes may be replaced as obligor under such Notes with the Guarantor or any company from BBVA's group. Whilst the new issuer will provide an indemnity in favour of the Noteholders in relation to any additional tax or duties that become payable solely as a result of such substitution, Noteholders will not have the right to object to such substitution. See General Condition 16 of the "*Terms and Conditions of the Notes*".

The Guarantor of the Notes may be substituted without the consent of the Noteholders

The conditions of the Notes provide that the Guarantor of the Notes may be replaced as guarantor under such Notes with another company incorporated anywhere in the world. Whilst the new guarantor will provide an indemnity in favour of the Noteholders in relation to any additional tax or duties that become payable solely as a result of such substitution. Noteholders will not have the right to object to such substitution. See General Condition 16 of the "*Terms and Conditions of the Notes*".

The Notes may be subject to withholding taxes in circumstances where the Issuer is not obliged to make gross up payments and this would result in holders receiving less interest than expected and could significantly adversely affect their return on the Notes

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

The General Conditions (except for General Condition 3(b) of the "*Terms and Conditions of the Notes*") of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Spanish and English law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Reliance on DTC, Euroclear and Clearstream, Luxembourg procedures

The Regulation S Notes will be represented on issue by a Regulation S Global Note that will be deposited with a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**" and, together with Euroclear, the "**European Clearing Systems**"). Except in the circumstances described in the Regulation S Global Note, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in the Regulation S Global Note. While the Notes are represented by the Regulation S Global Note, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and their respective participants.

The Rule 144A Notes will be represented on issue by a Rule 144A Global Note that will be deposited with a nominee for DTC or Euroclear/Clearstream. Except in the circumstances described in the Rule 144A Global Note, investors will not be entitled to receive Notes in definitive form. DTC and its direct and indirect participants will maintain records of the beneficial interests in the Rule 144A Global Note. While the Notes are represented by the Rule 144A Global Note, investors will be able to trade their beneficial interests only through DTC and its participants, including Euroclear and Clearstream, Luxembourg.

While the Notes are represented by the Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in either Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Credit ratings assigned to the Issuer, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes

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, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") 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 ESMA on its website 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 is set out on the cover of this Base Prospectus.

4. Risks relating to the structure of particular Notes

There are particular risks associated with an investment in certain types of Notes and an investor may lose some or all of the principal amount invested by it.

Investors may lose the original invested amount.

Investors may lose up to the entire value of their investment in the Notes, or part of it, as the case may be, as a result of the occurrence of any one or more of the following events:

(a) the Issuer and the Guarantor of the Notes are subject to insolvency proceedings or some other event impairing the ability of each to meet its obligations under the Notes;

(b) the terms of the relevant Notes do not provide for full repayment of the initial purchase price upon final maturity and/or mandatory early redemption of such Notes and the relevant Reference Item(s) perform in such a manner that the final redemption amount and/or mandatory early redemption amount is less than the initial purchase price;

(c) the purchaser seeks to sell the relevant Notes prior to their scheduled maturity, and the sale price of the Notes in the secondary market is less than the purchaser's initial investment; and

(d) the Notes are subject to certain adjustments in accordance with the terms and conditions of such Notes that may result in the scheduled amount to be paid or asset(s) to be delivered upon redemption being reduced to or being valued at an amount less than a purchaser's initial investment.

Notwithstanding that the relevant Notes may be linked to the performance of one or more Reference Items, investors in such Notes do not have and shall not receive any rights in respect of any Reference Item and shall have no right to call for any Reference Item to be delivered to them (unless otherwise provided in the Final Terms). Neither the relevant Issuer nor the Guarantor of the Notes shall be required to hold any Reference Item.

The relevant market value of the Notes at any time is dependent on other matters in addition to the credit risk of the Issuer and Guarantor and the performance of the relevant Reference Item(s)

The market value of the Notes at any time will be affected by a number of factors independent of the creditworthiness of the Issuer and the Guarantor (if any) and the performance of the relevant Reference Item(s), including:

(a) market interest and yield rates;

(b) the time remaining to any redemption date or the Maturity Date;

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

(d) numerous other economic, political and other factors.

The amount payable and/or deliverable in respect of Notes at any time prior to redemption is typically expected to be less than the trading price of such Notes at that time. The difference between the trading price and such amount will reflect, among other things, a "time value" for the Notes. The "time value" of the Notes will depend partly upon the length of the period remaining to final redemption and expectations concerning the value of the relevant Reference Item(s).

Market Disruption Events or Failure to Open of an Exchange

If an issue of Reference Item Linked Notes includes provisions dealing with the occurrence of a Market Disruption Event or failure to open of an exchange on the Strike Date, a Valuation Date, Observation Date or an Averaging Date and the Calculation Agent determines that a Market Disruption Event or failure to open of an exchange has occurred or exists on such date, any consequential postponement of the Strike Date, Valuation Date, Observation Date or Averaging Date or any alternative provisions for valuation provided in any such Notes may have an adverse effect on the value and liquidity of such Notes. The timing of such dates (as scheduled or as so postponed or adjusted) may affect the value of the relevant Notes such that the Noteholder may receive a lower cash redemption amount and/or interest amount or other payment under the relevant Notes than otherwise would have been the case. The occurrence of such a Market Disruption Event or failure to open of an exchange in relation to any Reference Item comprising a basket may also have such an adverse effect on Notes related to such basket. In addition, any such consequential postponement may result in the postponement of the date of redemption of the Notes.

Notes where denominations involve integral multiples

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination (as set out in the relevant Final Terms) 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 Noteholder 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 (i) may not be able to transfer such Notes and (ii) may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and in each case would need to purchase a nominal amount of Notes such that its holding amounts to an integral multiple of the minimum Specified Denomination.

If definitive Notes are issued, Noteholders 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.

Physically Settled Notes

In the case of Notes which are redeemable by delivery of assets (other than Credit Linked Notes), if a Settlement Disruption Event occurs or exists on the due date for redemption of the Notes, settlement will be postponed until the next Settlement Business Day in respect of which there is no Settlement Disruption Event. The Issuer in these circumstances also has the right to pay the Disruption Cash Redemption Amount in lieu of delivering the Entitlement (as defined in the Terms and Conditions).

If a Failure to Deliver due to Illiquidity occurs, the Issuer has the right, in lieu of delivery of the assets affected by such event, to pay the Failure to Deliver Redemption Amount to the Noteholders. The Disruption Cash Redemption Amount and/or the Failure to Deliver Redemption Amount may be less than the fair market value of the Entitlement.

CREST Depository Interests

Investors who hold interests in the Notes through Euroclear UK & Ireland Limited ("**CREST**") through dematerialised depository interests ("**CREST Depository Interests**") will not be the legal owners of the Notes (the "**Underlying Securities**") to which such CREST Depository Interests relate. CREST Depository Interests are separate legal instruments from the Underlying Securities and represent indirect interests in the interests of the CREST Nominee in such Underlying Securities. CREST Depository Interests will be issued by the CREST Depository to investors and will be governed by English law. The "**CREST Manual**" consists of a number of documents which set out the legal relationship of CREST with its users and participants.

The Underlying Securities (as distinct from the CREST Depository Interests representing indirect interests in such Underlying Securities) will be held in an account with a custodian. The custodian will hold the Underlying Securities through the relevant Clearance System. Rights in the Underlying Securities will be held through custodial and depositary links through the relevant Clearance System. The legal title to the Underlying Securities or to interests in the Underlying Securities will depend on the rules of the relevant Clearance System in or through which the Underlying Securities are held.

CREST International Nominees Limited or another entity appointed to act as nominee (the "**CREST Nominee**") in accordance with the CREST Global Deed Poll (in the form from time to time contained in Chapter 8 of the CREST International Manual (which forms part of the CREST Manual) (the "**CREST Deed Poll**")) will hold the legal title to the Underlying Securities and the direct enforcement right in respect of the Underlying Securities. Rights in respect of the Underlying Securities cannot be enforced by holders of CREST Depository Interests except indirectly through CREST Depository Limited or any successor thereto (the "**CREST Depository**") and the CREST Nominee who in turn can enforce rights indirectly through the intermediary depositaries and custodians described above. The enforcement of rights in respect of the Underlying Securities will therefore be subject to the local law of the relevant intermediary.

These arrangements could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Securities in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Securities held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

If a matter arises that requires a vote of Noteholders, the Issuer may make arrangements to permit the holders of CREST Depository Interests to instruct the CREST Depository to exercise the voting rights of the CREST Nominee in respect of the Underlying Securities. However, there is no guarantee that it will be possible to put such voting arrangements in place for holders of CREST Depository Interests.

Holders of CREST Depository Interests will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to the CREST International Manual and the CREST Rules applicable to the CREST International Settlement Links Service (in each case as contained in the CREST Manual). Holders of CREST Depository Interests must comply in full with all obligations imposed on them by such provisions.

Investors in CREST Depository Interests should note that the provisions of the CREST Deed Poll and the CREST Manual (including, for the avoidance of doubt, the provisions of the CREST International Manual and the CREST

Rules) contain indemnities, warranties, representations and undertakings to be given by holders of CREST Depository Interests and limitations on the liability of the CREST Depository as issuer of the CREST Depository Interests. Holders of CREST Depository Interests may incur liabilities pursuant to or resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them and the rights of and returns received by holders of CREST Depository Interests may differ from those of holders of Notes which are not represented by CREST Depository Interests.

Investors in CREST Depository Interests should note that holders of CREST Depository Interests may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Underlying Securities through the CREST International Settlement Links Service.

Investors in CREST Depository Interests should note that none of the Issuer, the Guarantor, any Dealer or any Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders acting in connection with CREST Depository Interests or for the respective obligations of such intermediaries, participants or accountholders under the rules and procedures governing their operations.

Tax risk: Prospective investors in CREST Depository Instruments should note that holders of CREST Depository Instruments may be required to pay tax in connection with CREST Depository Instruments. Prospective investors in CREST Depository Interests should consult their own tax advisors regarding the tax treatment of CREST Depository Interests.

Notes to which Variation of Settlement applies

If Variation of Settlement applies, the Issuer has the right to elect to deliver Relevant Assets in lieu of the Final Redemption Amount. Noteholders should be aware that in this regard they are exposed to the credit risk and performance of the Relevant Assets as to the extent that the value of such Relevant Assets falls below the value of the Final Redemption Amount, the Issuer is financially incentivised to exercise its option to deliver the Relevant Assets to the Noteholders. If the Relevant Assets are bonds, Noteholders should also take note of the fact that if such bond redeems prior to the Maturity Date for any reason, and the Issuer elects to vary settlement, the Issuer may deliver the redemption proceeds of such bond, which might be substantially less than the nominal amount of the bond.

Noteholders may be required to pay certain expenses in relation to Notes subject to Physical Delivery

Holders of Notes subject to Physical Delivery must pay all Expenses relating to delivery of such Notes. As defined in the Terms and Conditions of the Notes, "Expenses" includes all costs, taxes, duties and/or expenses including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes arising from the delivery of the Entitlement.

There are certain requirements to be fulfilled and payments to be made by the Holder in order to receive Notes subject to Physical Delivery and the Issuer may decide to settle by way of cash payment instead in certain circumstances

In order to receive the Entitlement in respect of a Note settled by way of Physical Delivery, the holder of such Note must deliver or send to the relevant Clearing System or Principal Paying Agent (as applicable) a duly completed Asset Transfer Notice on or prior to the relevant time on the Cut-off Date and pay the relevant Expenses. If a Noteholder fails to deliver as required the certification of non-U.S. beneficial ownership or certification that it is an eligible investor for U.S. securities law purposes, the Issuer may deliver what the Calculation Agent determines to be the fair market value of the Entitlement instead of the relevant assets.

Certain considerations relating to public offers of the Notes

If the Notes are distributed by means of a public offer, under certain circumstances indicated in the Final Terms, the Issuer and/or the other entities indicated in the Final Terms will have the right to withdraw or revoke the offer and the offer will be deemed to be null and void according to the terms indicated in the Final Terms.

The Issuer and/or the other entities specified in the Final Terms may terminate the offer early by immediate suspension of the acceptance of further subscription requests and by giving notice to the public in accordance with the Final Terms. Any such termination may occur even where the maximum amount for subscription in relation to that offer (as specified in the Final Terms), has not been reached. In such circumstances, the early closing of the offer may have an impact on the aggregate number of Notes issued and, therefore, may have an adverse effect on the liquidity of the Notes.

Some information regarding the Notes (e.g. interest rate, settlement date), the offer and/or the listing may be determined after the publication of the Final Terms and will be made public in accordance with the procedures set out in the Final Terms.

If an investor holds Notes which are not denominated in the investor's home currency, that investor will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Notes 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 Notes Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Notes 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 Notes 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 Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Certain Considerations Associated with Notes Linked to Emerging Markets

The Issuer may issue Notes where the amount payable on redemption or the interest payable is linked to Reference Items which consist of (i) securities, funds or indices comprising securities of issuers that are located in, or subject to regulation in, emerging or developing countries, or (ii) securities which are denominated in the currency of, or are traded in, emerging or developing countries or (iii) currencies of emerging or developing countries. Prospective investors should note that additional risks may be associated with investment in such Notes, including risks associated with political and economic uncertainty, adverse governmental policies, restrictions on foreign investment and currency convertibility, currency exchange rate fluctuations, possible lower levels of disclosure and regulation, and uncertainties as to the status, interpretation and application of laws including, but not limited to, those relating to expropriation, nationalisation and confiscation. Notes traded in emerging or developing countries tend to be less liquid and the prices of such securities more volatile. In addition, settlement of trades in some such markets may be slower and more subject to failure than in markets in developed countries.

Prospective purchasers of such Notes should also be aware that the probability of the occurrence of a disruption event and consequently loss of investment or profit by an investor may be higher for certain developing or emerging markets. Prospective purchasers are expected to conduct their own enquiries and be satisfied that there are additional risks associated with investments linked to the performance of underlying assets located in these markets.

Emerging market currencies

Where the Notes are denominated in an emerging market currency or linked to one or more emerging market currencies, amounts determined to be due or deliverable in respect of such Notes may be significantly more volatile and subject to less certainty as to future rates than if the Notes were linked to currencies of more developed markets, for example emerging markets` currencies are highly exposed to the risk of a currency crisis happening in the future.

In particular, policies or actions of any relevant governments of the jurisdictions of such emerging markets currencies to which the Notes may be linked (the "**Currency Jurisdictions**") could adversely affect the relevant exchange rate(s) (such as through market interventions of their central banks or equivalent bodies; governmental action which changes or interferes with currency valuations or currency fluctuations that would otherwise occur in response to economic forces; and restrictions on foreign investment and currency convertibility or movement across borders). Non-governmental action may also directly or indirectly adversely affect the relevant exchange rates (such as through weak overall growth and performance of each applicable Currency Jurisdiction's economy and stock exchanges; political, economic and social uncertainty, including risks of nationalisation and expropriation of assets and natural disasters; or wars which affect any Currency Jurisdiction directly or indirectly).

Investors should note that the risk of occurrence and the severity of consequence of the matters described above may be greater with respect to any emerging market jurisdiction than they otherwise would be in relation to more developed countries. Economies in emerging markets are generally more 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 with countries with which they trade.

The occurrence of any of the above circumstances may have an adverse effect on the value of the Notes and amounts due (if any) or assets deliverable (if any), or the date for payment thereunder.

Additionally, investors should note that if a disruption event occurs which prohibits or prevents the Issuer from making a payment in respect of the Notes, such payment will be postponed to a date falling 14 calendar days after the date on which such disruption event is no longer occurring and no interest shall accrue or Event of Default occur as a result of such postponement. In the event that the disruption event is continuing on the date which is one year after the last scheduled payment date in respect of the Notes, the Issuer shall make payment of the relevant amount U.S. dollars or euros.

Notes may be denominated in one currency and settled in another currency and may be converted into an intermediate currency

If the Final Terms specify that the Settlement Exchange Rate Provisions are applicable, then such Notes are denominated in one currency (the "**SER Subject Currency**") but all or certain amounts due thereunder, as the case may be, are (or may be, if certain conditions such as a relevant exchange rate is at above or below a certain level(s)) are settled in another currency (the "**Settlement Currency**"). As such, the applicable amounts are converted by converting such amounts by reference to the applicable Settlement Exchange Rate specified in the applicable Final Terms or, if not so specified, determined by the Calculation Agent in accordance with the terms and conditions of the Notes.

If the Final Terms specify that the SER Intermediate Currency Requirements are applicable, then such Notes are denominated in one currency but all or certain amounts due thereunder, as the case may be, if any, are converted into an intermediate currency (the "**SER Intermediate Currency**") and then settled in the Settlement Currency. As such, the applicable amounts are converted by converting such amounts by reference to the applicable Second Settlement Exchange Rate and then the second Settlement Exchange Rate, each as specified in the applicable Final Terms or, if not so specified, determined by the Calculation Agent in accordance with the terms and conditions of the Notes.

Investors should understand that such Notes are not principal protected in the SER Intermediate Currency or Settlement Currency even if the Notes are principal protected in the SER Subject Currency. If the denomination currency depreciates against the Settlement Currency or the SER Intermediate Currency, this will reduce the Settlement Currency amounts received (if any) under the Notes and an investor may receive less than their initial investment in the Notes.

Investors should understand, where a fixed Settlement Exchange Rate or Second Settlement Exchange Rate is not specified in the Final Terms, that neither the Issuer nor the Guarantor have control over the Settlement Exchange Rate or the Second Settlement Exchange Rate and will not make any adjustment or change in the terms of the Notes in the event that exchange rates should become fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes, or in the event of other developments affecting the settlement currency, the denomination currency or any foreign currency. Investors will bear those risks. In addition, if an Unscheduled Holiday or a Price Source Disruption occurs in respect of the applicable Settlement Exchange Rate, the applicable disruption fallbacks may provide that the scheduled settlement exchange rate valuation date for such rate will be postponed, then this may result in deferral of the corresponding payment date under the Notes. If a date for payment is so postponed, this could adversely affect an investor's investment schedule, timetable or plans as they will receive amounts in respect of the Notes later than the originally scheduled date for payment. No interest will accrue or other amount will be payable by the Issuer in the event of any such delay.

In addition, investors in UVR Inflation-Adjusted Notes should understand that the payments in respect of the UVR Inflation-Adjusted Notes are adjusted by reference to the UVR rate in effect on the applicable payment date and so investors are exposed to fluctuations in that rate.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Risk of leveraged exposure

Leverage involves the use of a number of financial techniques to increase the exposure to a Reference Item, and can therefore magnify both returns and losses. While the use of leverage allows for potential multiples of a return (assuming a return is achieved) when the Reference Item moves in the anticipated direction, it will conversely magnify losses when the Reference Item moves against expectations. If the relevant Notes include leverage, potential holders of such Notes should note that these Notes will involve a higher level of risk, and that whenever there are losses such losses will be higher (other things being equal) than those of a similar Note which is not leveraged. Investors should therefore only invest in leveraged Notes if they fully understand the effect of leverage.

Conducting hedging transactions

The Issuer may use all or some of the proceeds received from the sale of Notes to enter into hedging transactions. All or part of these hedging transactions may be entered into by the Issuer with the Guarantor. The Issuer believes that such

hedging activity will under normal circumstances not have a material impact on the value of the relevant Notes. However, it cannot be assured that the Issuer's hedging activities will not affect such value. The value of Notes might in particular be affected by the liquidation of all or a portion of the relevant hedging positions (a) at or about the time of the maturity or expiration of such Notes or (b), if such Notes provide for a knock-out, knock-in or a similar feature, at the time when the price or value of the relevant underlying approaches the relevant price or level for the knock-out, knock-in or other feature.

Risk relating to Implicit Yield Notes

The sale, transfer, or acquisition of Implicit Yield Notes (as defined in General Condition 2(j) of the "*Terms and Conditions of the Notes*"), including, but not limited to, Zero Coupon Notes, to or by individuals (*personas físicas*) who are tax resident in Spain (each a "**Spanish Individual**") is forbidden in all cases. Any transfer of Implicit Yield Notes to or by Spanish Individuals is not permitted and such transfer will be considered null and void by the Issuer and the Guarantor. Accordingly, neither the Issuer nor the Guarantor will recognise any Spanish Individual as an owner of Implicit Yield Notes and Spanish Individuals who are Noteholders may lose all or a substantial part of their investment on such Notes.

5. Generic Risk Factors that are associated with Notes that are linked to Reference Item(s)

Risks relating to Reference Item Linked Notes

Reference Item Linked Notes are securities which do not provide for predetermined redemption amounts and/or interest payments, but amounts payable (whether in respect of principal and/or interest) or deliverable will be dependent upon the performance of the Reference Item, or a combination of Reference Items, which themselves may contain substantial credit, interest rate, foreign exchange, correlation, time value, political and/or other risks.

An investment in Reference Item Linked Notes therefore entails significant risks that are not associated with similar investments in a conventional fixed or floating rate debt security. These risks include, among other things, the possibility that:

(a) the Reference Item may be subject to significant changes, whether due to the composition of any such Reference Item itself, or because of fluctuations in value of the Reference Item;

(b) the resulting interest rate will be less (or may be more) than that payable on a conventional debt security issued by the Issuer at the same time or they may receive no interest;

(c) the holder of a Reference Item Linked Note could lose all or a substantial portion of the principal of such Note (whether payable at maturity or upon redemption or repayment), and, if the principal is lost, interest may cease to be payable on such Note;

(d) any Note that is linked to more than one type of Reference Item, or on a formula that encompass the risks associated with more than one type of Reference Item, may carry levels of risk that are greater than those for Notes that are indexed to one type of Reference Item only;

(e) it may not be possible for investors to hedge their exposure to these various risks relating to Reference Item Linked Notes; and

(f) a significant market disruption could mean that any Reference Item ceases to exist.

The risks reflect the nature of such a Note as an asset which, other factors held constant, tends to decline in value over time and which may become worthless when it expires or is redeemed. The risk of the loss of some or all of the purchase price of a Reference Item Linked Note upon redemption means that, in order to recover and realise a return upon his or her investment, a purchaser of such Note must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant Reference Item.

It may not be possible to use the Notes as a perfect hedge against the market risk associated with investing in a Reference Item

Potential purchasers intending to purchase Notes to hedge against the market risk associated with investing in a Reference Item should recognise the complexities of utilising Notes in this manner. For example, the value of the Notes may not exactly match the value of the Reference Item. Due to fluctuating supply and demand for the Notes, there is no assurance that their value will match movements in the value of the Reference Item. 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 Reference Item.

There may be regulatory consequences for a Holder of Reference Item Linked Notes

There may be regulatory and other consequences associated with the ownership by certain investors of certain Reference Item Linked Notes. Each purchaser of Notes must conduct its own investigation into its regulatory position with respect to the potential purchase of Notes, and none of the Issuer, the Guarantor, the Dealer(s) or the Arranger assumes any obligation or liability whatsoever to such purchaser in such regard.

There are specific risks with regard to Notes linked to a combination of Reference Items

An investment in Notes that are linked to a combination of Reference Items will entail significant risks not associated with an investment in a conventional debt security. A combination of the risks associated to the Reference Items may be significantly higher than the risks of each Reference Item considered on its own. On redemption of these type of Notes, the Noteholders will receive an amount (if any) or Entitlement (if any) determined by reference to the value of a combination of a number of different Reference Items. These Notes may pay interest calculated by reference to the value of the combination of a number of Reference Items.

No rights of ownership in the Reference Item(s)

Purchasers of Notes should be aware that the Issuer is under no obligation to hold a position in any Reference Item(s) and should note that the relevant Reference Item(s) that may be held by the Issuer will not be held by the Issuer for the benefit of the purchasers of such Notes and, as such, Noteholders will not obtain any rights of ownership, including, without limitation, any voting rights, any rights to receive dividends or other distributions or any other rights with respect to any Reference Item referenced by such Notes. For the avoidance of doubt, no BBVA affiliate is under any obligation whatsoever to acquire and/or hold any Reference Item.

The past performance of a Reference Item is not indicative of future performance

Any information about the past performance of the Reference Item at the time of the issuance of the Notes should not be regarded as indicative of the range of, or trends in, fluctuations in the Reference Item that may occur in the future.

6. Risk Factors associated with Notes that are linked to one or more specific types of Reference Items

There are certain factors which are material for the purpose of assessing the risks associated with an investment in Notes issued under the Programme. Such factors will vary depending on the type of Notes issued, in particular in relation to Notes in respect of which the interest and/or redemption amount is linked to the value of one or more index, share, inflation index, unit, interest or share in a fund, the credit of one or more reference entity, foreign exchange rate or the combination of any of the foregoing.

Risks relating to Index Linked Notes

The Issuer may issue Notes where the Final Redemption Amount or the amount of principal and/or interest payable is dependent upon the level of an index or indices ("**Index Linked Notes**").

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

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

The market price of such Notes may be volatile and may depend on the time remaining to the redemption date and the volatility of the level of the index or indices. The level of the index or indices may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which any securities comprising the index or indices may be traded. The index may reference equities, bonds or other securities, or it may be a property index referencing certain property price data which will be subject to market price fluctuations. A property index may include valuations only and not actual transactions and the property data sources used to compile the index may be subject to change, which may adversely affect the return on the Notes.

Adjustment to indices for Index Linked Notes

If an index adjustment event (as described in "*Additional Terms and Conditions for Index Linked Notes*") occurs the Issuer may require the Calculation Agent to make such adjustments as it determines appropriate to the terms of the

Notes or redeem the Notes. Such action may have an adverse effect on the value and liquidity of the affected Reference Item Linked Notes.

Returns on the Notes do not reflect direct investment in underlying shares or other assets comprising the index

The return payable on Notes that reference indices may not reflect the return a purchaser would realise if the Noteholder actually owned the relevant assets comprising the components of the index. For example, if the components of the indices are shares, 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 shares or any other assets which may comprise the components of the relevant index. Accordingly, purchasers in Notes that reference indices as Reference Item may receive a lower payment upon redemption of such Notes than such purchaser would have received if the Noteholder had invested in the components of the index directly.

A change in the composition or discontinuance of an index could adversely affect the market value of the Notes

The 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 changing 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 purchasers of the Notes. The sponsor of any such index may also alter, discontinue or suspend calculation or dissemination of such index. The sponsor of an index will have no involvement in the offer and sale of the Notes and will have no obligation to any purchaser of such Notes. The sponsor of an index may take any actions in respect of such index without regard to the interests of the purchasers of the Notes, and any of these actions could adversely affect the market value of the Notes.

Risks relating to Equity Linked Notes

The Issuer may issue Equity Linked Notes where the amount of principal and/or interest payable are dependent upon the price of or changes in the price of shares or a basket of shares (or depositary receipts) or, depending on the price of or change in the price of shares or the basket of shares (or depositary receipts), where the Issuer's obligation on redemption is to deliver a specified number of shares ("**Equity Linked Notes**"). Accordingly an investment in Equity Linked Notes may bear similar market risks to a direct equity investment and potential investors should take advice accordingly.

Potential investors in any such Notes should be aware that depending on the terms of the Equity Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified shares and/or depositary receipts may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment if the value of the share(s) and/or depositary receipt(s) does not move in the anticipated direction. In addition, the movements in the price of the share or depositary receipt or basket of shares and/or depositary receipts may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the share or shares 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 of the share(s) and/or depositary receipt(s), the greater the effect on yield.

If the amount of principal and/or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the share or shares on principal or interest payable will be magnified. See also risk factor "*Risk of Leveraged Exposure*" above.

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

A holder of the Notes will not be a beneficial owner of the underlying equity securities (or depositary receipts) and therefore will not be entitled to receive any dividends or similar amounts paid on the underlying equity securities, nor will a Noteholder be entitled to purchase the underlying equity securities (or depositary receipts) by virtue of their ownership of the Notes. Moreover, holders of the Notes will not be entitled to any voting rights or other control rights that holders of the underlying equity securities may have with respect to the issuer of such underlying equity securities. Unless otherwise specified in the Final Terms, the Interest Amount and/or Final Redemption Amount will not reflect the payment of any dividends on the underlying equity securities. Accordingly, the return on the Notes will not reflect the return an investor would realise if it actually owned the underlying equity securities and received dividends, if any, paid on those securities. Therefore, the yield to maturity based on the methodology for calculating the Final

Redemption Amount will not be the same yield as would be produced if the underlying equity securities were purchased directly and held for a similar period.

Determinations made by the Calculation Agent in respect of Potential Adjustment Events, Extraordinary Events and Additional Disruption Events may have an adverse effect on the value of the Notes

Upon determining that a Potential Adjustment Event, Extraordinary Event or Additional Disruption Event has occurred in relation to an underlying share or the issuer of such underlying share, the Calculation Agent has broad discretion to make certain determinations to account for such event including to (i) make adjustments to the terms of the Notes and/or (ii) (in the case of an Extraordinary Event or an Additional Disruption Event) cause early redemption of the Notes, any of which determinations may have an adverse effect on the value of the Notes.

Potential Adjustment Events (as defined in Equity Linked Condition 3) include (a) a sub-division, consolidation or re-classification of the relevant shares or a free distribution, or dividend of any such Shares to existing holders of the relevant shares by way of bonus, capitalisation or similar issue, (b) a distribution, issue or dividend to existing holders of the relevant shares of certain share capital or securities, (c) an extraordinary dividend, (d) a call by a Basket Company or Share Company, as the case may be, in respect of relevant shares that are not fully paid (e) a repurchase by the Basket Company or its subsidiaries or Share Company or its subsidiaries, as the case may be, of relevant shares, (f) in the case of a Basket Company or a Share Company 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 Basket Company or Share Company, (g) any adjustment effected as a result of any shareholder rights plan or arrangement described in (f) and (h) any other event having a dilutive or concentrative effect on the value of the shares.

Extraordinary Events include (a) a delisting of the shares on an exchange, (b) illiquidity (c) an insolvency (where all the shares of the issuer of the underlying shares are transferred to a trustee, liquidator or similar official or may not be legally transferred) or bankruptcy of the issuer of the shares, (d) a listing change; (e) a listing suspension, (f) a merger event entailing the consolidation of the shares with those of another entity, (g) a nationalisation of the issuer of the shares or transfer of the shares to a governmental entity and (h) a tender offer or takeover offer that results in transfer of the shares to another entity.

Additional Disruption Event means any of Change of Law, Failure to Deliver, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing, Stop-Loss Event and/or Loss of Stock Borrow, in each case if specified in the Final Terms.

Holders may receive physical delivery of Shares in lieu of payment of cash amounts

Where the Notes include the right of the Issuer, subject to the fulfilment of a particular condition, to redeem the Notes at their maturity by delivering Shares to the purchaser of such Notes, the purchasers will receive such Shares rather than a monetary amount upon maturity. Holders will, therefore, be exposed to the issuer of such Shares and the risks associated with such Shares. Noteholders should not assume that they will be able to sell such Shares for a specific price after the redemption of the Notes, and in particular not for the purchase price of the Notes. Under certain circumstances the Shares may only have a very low value or may, in fact, be worthless, in which case see risk factor "*Investors may lose the original invested amount*" above. Holders may also be subject to certain documentary or stamp taxes in relation to the delivery and/or disposal of such Shares.

Risks relating to Inflation Linked Notes

The Issuer may issue Notes where the amount of principal and/or interest payable is dependent upon the level of an inflation index or indices ("**Inflation Linked Notes**").

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

In certain circumstances following cessation of publication of the inflation index, the Calculation Agent may determine that there is no appropriate alternative inflation index, in which case the Issuer may redeem the Notes. Such action may have an effect on the value of the Notes.

If the amount of principal and/or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the inflation index or the indices on principal or interest payable will be magnified. See also risk factor "*Risk of Leveraged Exposure*" above.

The market price of such Notes may be volatile and may depend on the time remaining to the redemption date and the volatility of the level of the inflation index or indices. The level of the inflation index or indices may be affected by the economic, financial and political events in one or more jurisdictions.

Risks relating to Fund Linked Notes and ETF Linked Notes

The Issuer may issue Notes where the amount of principal and/or interest payable are dependent upon the price or changes in the price of units or shares in a fund or funds (including exchange traded fund shares) or, depending on the price or changes in the price of units or shares in such fund or funds, where the Issuer's obligation on redemption is to deliver a specified amount of fund shares ("**Fund / ETF Linked Notes**"). Accordingly an investment in Fund / ETF Linked Notes may bear similar market risks to a direct fund investment and potential investors should take advice accordingly. Prospective investors in any such Notes should be aware that depending on the terms of the Fund / ETF Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified Fund Shares or ETF Shares 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 of units, shares or interests in the fund or funds may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the units or shares in the fund or funds 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 of the units, shares or interests in the fund or funds, the greater the effect on yield.

In the event of the occurrence of one or more Potential ETF Events, the Calculation Agent may seek to make adjustments in accordance with the ETF Linked Conditions.

Prospective investors should also be aware that in the event of the occurrence of one or more Extraordinary Fund Events or Extraordinary ETF Events, as the case may be, the Issuer may seek to make adjustments, substitute the relevant Fund Shares or ETF Shares, as the case may be, with fund shares of a fund, or exchange traded fund shares, as the case may be, with similar characteristics or, if no such fund or ETF is selected, with a replacement index, or redeem the Notes at its discretion.

In the event that redemption proceeds in respect of the underlying Fund Shares or ETF Shares, as the case may be, are not received by the hedge provider on or prior to the Scheduled Maturity Date or Termination Date, such date may be postponed for a period of up to two calendar years (or such other period as may be specified in the Final Terms) and no additional amount shall be payable as a result of such delay.

If the amount of principal and/or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the units or shares of the fund(s) or exchange traded funds, on principal or interest payable will be magnified. See also risk factor "*Risk of Leveraged Exposure*" above.

The market price of such Notes may be volatile and may depend on the time remaining to the redemption date and the volatility of the price of units or shares in the fund(s) or exchange traded fund(s). The price of units or shares in a fund or exchange traded fund may be affected by the economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any units or shares in the fund(s) or exchange traded fund(s) may be traded. In addition, the price of units or shares in a fund or exchange traded fund may be affected by the performance of the fund service providers, and, in particular, the investment advisor. Prospective investors should review carefully the prospectus, information memorandum and/or base prospectus (if any) issued by any relevant fund or exchange traded fund before purchasing any Notes. None of the Issuer, the Guarantor, any affiliate of the Issuer or Guarantor or the Calculation Agent make any representation as to the creditworthiness of any relevant fund or exchange traded fund or any such fund's administrative, custodian, investment manager or adviser.

Where the Issuer issues Fund / ETF Linked Notes linked to one or more funds, including hedge funds and exchange traded funds, the relevant Notes reflect the performance of such fund(s).

The relevant fund(s) or exchange traded fund(s) may trade and invest in a broad range of investments such as debt and equity securities, commodities or commodity indices and foreign exchange and may enter into derivative transactions, including, without limitation, futures and options. The relevant fund(s) or exchange traded fund(s) may often be illiquid and may only be traded on a monthly, quarterly or even less frequent basis. The trading strategies of funds are often opaque. The relevant fund(s) or exchange traded fund(s), 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.

Holders may receive physical delivery of Fund Shares or ETF Shares in lieu of payment of cash amounts

Where the Notes include the right of the Issuer, subject to the fulfilment of a particular condition, to redeem the Notes at their maturity by delivering Fund Shares or ETF Shares to the purchaser of such Notes, the purchasers will receive

such Fund Shares or ETF Shares rather than a monetary amount upon maturity. Holders will, therefore, be exposed to the issuer of such Fund Shares or ETF Shares and the risks associated with such Fund Shares or ETF Shares. The purchaser should not assume that the Noteholder will be able to sell such Fund Shares or ETF Shares for a specific price after the redemption of the Notes, and in particular not for the purchase price of the Notes. Under certain circumstances the Fund Shares or ETF Shares may only have a very low value or may, in fact, be worthless, in which case see risk factor "*Investors may lose the original invested amount*" above. Holders may also be subject to certain documentary or stamp taxes in relation to the delivery and/or disposal of such Fund Shares or ETF Shares.

For all the above reasons, investing directly or indirectly in funds is generally considered to be risky. If the underlying fund does not perform sufficiently well, the value of the Notes will fall, and may in certain circumstances be zero.

Risks relating to Credit Linked Notes

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

Save where: (i) Maturity Credit Redemption applies; or (ii) the Notes are Tranched Linear Basket Credit Linked Notes, Tranched Index Credit Linked Notes; or (iii) the Notes are Non-Tranched Linear Basket Credit Linked Notes or Non-Tranched Index Credit Linked Notes where Credit Payment on Maturity applies, the Credit Linked Notes may then be redeemed prior to their scheduled maturity. However, where the Credit Event Redemption Amount payable in respect of Notes described in (ii) or (iii) of the foregoing section is zero, the Notes will be redeemed early. Where Maturity Credit Redemption applies or where the Notes are Non-Tranched Linear Basket Credit Linked Notes or Non-Tranched Index Credit Linked Notes where Credit Payment on Maturity Applies (as specified in the applicable Final Terms), maturity of the Credit Linked Notes may be delayed until scheduled maturity of the Credit Linked Notes, notwithstanding that this may occur a significant time following the occurrence of the relevant Credit Event and unless so elected in the applicable Final Terms no further interest will be payable in this period. Where the Notes are Tranched Linear Basket Credit Linked Notes or Tranched Index Credit Linked Notes, maturity of the Credit Linked Notes may be delayed until scheduled maturity of the Credit Linked Notes, notwithstanding that this may occur a significant time following the occurrence of the relevant Credit Event(s). In the case of Tranched Linear Basket Credit Linked Notes, following the occurrence of a Credit Event Determination Date with respect to a number of Reference Entities that is greater than the L (being the lower tranche) number of Reference Entities specified in the Final Terms and each subsequent Credit Event Determination Date thereafter, interest that is subject to the Credit Linked provisions will accrue on a decreased nominal amount of the Notes until a Credit Event Determination Date has occurred with respect to a number of Reference Entities that is equal to or greater than the H (being the higher tranche) number of Reference Entities specified in the Final Terms and at which point no further amounts shall be due in respect of the Notes. In the case of Tranched Index Credit Linked Notes, following the occurrence of a Credit Event Determination Date with respect to which the Aggregate Loss Percentage (which is the aggregate of the Reference Entity Weightings) in respect of which a Credit Event Determination Date has occurred, exceeds the Attachment Point, being the lower tranche specified in the Final Terms) and each subsequent Credit Event Determination Date thereafter, interest that is subject to the Credit Linked provisions will accrue on a decreased nominal amount of the Notes until the Scheduled Maturity Date or until a Credit Event Determination Date has occurred with respect to a number of Reference Entities such that Aggregate Loss Percentage is equal to or greater than the Exhaustion Point, being the upper tranche specified in the Final Terms) and at which point no further amounts shall be due in respect of the Notes.

Prospective investors in any such Notes should be aware that depending on the terms of the Credit Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets 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 such Notes may be volatile and will be affected by, amongst other things, the time remaining to the redemption date and the creditworthiness of the reference entity which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

This Base Prospectus contains Additional Terms and Conditions for Credit Linked Notes with terms based on (but not identical to) the 2014 Credit Derivatives Definitions published by the International Swaps and Derivatives Association, Inc. (the "**2014 ISDA Definitions**") which are set out in Annex 8. In this respect investors should have regard to the risk factor on page 95 entitled "*ISDA Credit Derivatives Definitions*". The Issuer's obligations in respect of Credit Linked Notes are irrespective of the existence or amount of the Issuer's and/or any affiliates' credit exposure to a reference entity and the Issuer and/or any affiliate need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

The holders of Credit Linked Notes will be exposed to the credit of one or more Reference Entities, which exposure shall be, unless otherwise stated in the Final Terms, to the full extent of their investment in such Notes. Upon the occurrence of any of the default events comprising a Credit Event with respect to any Reference Entity, the Noteholders may suffer significant losses at a time when losses may be suffered by a direct investor in obligations of such Reference Entity. However, the holding of a Note is unlikely to lead to outcomes which exactly reflect the impact of investing in an obligation of a Reference Entity, and losses could be considerably greater than would be suffered by a direct investor in the obligations of a Reference Entity and/or could arise for reasons unrelated to such Reference Entity. Noteholders should also note that a Credit Event may occur even if the obligations of a Reference Entity are unenforceable or their performance is prohibited by any applicable law or exchange controls. See also the risk factor "*Risk of Leveraged Exposure*" above.

For Index Credit Linked Notes, the Reference Entities and the Reference Obligations as of the Issue Date of the Credit Linked Notes will be those set out in the Index Annex, being the list for the relevant Markit iTraxx® Europe Index (in the case of iTraxx Non-Tranched Index Credit Linked Notes or iTraxx Tranched Index Credit Linked Notes) or Markit CDX™ Index (in the case of CDX Non-Tranched Index Credit Linked Notes or CDX Tranched Index Credit Linked Notes) with the Annex Date specified in the Final Terms, as published by the Index Publisher (being Markit Group Limited as of the date of this Base Prospectus). Any determinations by the Index Sponsor (being Markit Indices Limited in the case of iTraxx Non-Tranched Index Credit Linked Notes and iTraxx Tranched Index Credit Linked Notes and Markit North America, Inc. in the case of CDX Non-Tranched Index Credit Linked Notes and CDX Tranched Index Credit Linked Notes, in each case as of the date of this Base Prospectus) with respect to replacement Reference Obligations and/or Successors (subject, in relation to Successors, to the further determination provisions set out in the Credit Linked Conditions), will apply for the purposes of the Credit Linked Notes. Additionally, if ISDA publicly announces one or more replacement Reference Obligations and/or Successors prior to the Trade Date but following the "Roll Date" (in the case of iTraxx Non-Tranched Index Credit Linked Notes or iTraxx Tranched Index Credit Linked Notes) or the "Effective Date" (in the case of CDX Non-Tranched Index Credit Linked Notes or CDX Tranched Index Credit Linked Notes) specified in the Index Annex, such replacement Reference Obligations and/or Successors will apply for the purposes of the Credit Linked Notes, notwithstanding that such announcement occurred prior to the Trade Date.

Where cash settlement or auction settlement applies, the occurrence of a Credit Event in relation to any Reference Entity from time to time may result in a redemption of the Notes in a reduced nominal amount or at zero, and interest bearing Credit Linked Notes may cease to bear interest on or prior to the date of occurrence of such circumstance.

Where physical settlement applies, the occurrence of a Credit Event may result in the redemption of the Notes by delivery of certain direct or indirect obligations of the affected Reference Entity, which obligations are likely to have a market value which is substantially less than their par amount. Where the Notes provide for physical delivery, the Issuer may determine that the specified assets to be delivered are either (a) assets which, for any reason (including, without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the delivery of assets which are loans), are impossible or illegal to deliver on the specified settlement date, or (b) assets which the Issuer, the Guarantor and/or any affiliate has not received under the terms of any transaction entered into by the Issuer, the Guarantor and/or such affiliate to hedge the Issuer's obligations in respect of the Notes. Any such determination may delay settlement in respect of the Notes and/or cause the obligation to deliver such specified assets to be replaced by an obligation to pay a cash amount which, in either case, may affect the value of the Notes and, in the case of payment of a cash amount, will affect the timing of the valuation of such Notes and as a result, the amount of principal payable on redemption. Prospective Investors should review the "*Terms and Conditions of the Notes*" and the Final Terms to ascertain whether and how such provisions should apply to the Notes.

Investors in the Notes are accordingly exposed, as to both principal and (if applicable) interest, to the credit risk of the Reference Entity. The maximum loss to an investor in the Notes is 100 per cent. of their initial principal investment, together with (if applicable) any accrued interest amounts.

A Credit Event may occur prior to the Trade Date

Holders of the Notes may suffer a loss of some or all principal amount of the Notes in respect of one or more Credit Events that occur prior to the Trade Date or the Issue Date. Neither the Calculation Agent nor the Issuer nor any of their respective Affiliates has any responsibility to inform any Noteholder, or avoid or mitigate the effects of a Credit Event that has taken place prior to the Trade Date or the Issue Date.

Increased credit risk is associated with "First-to-Default" or "Nth-to-Default" Credit Linked Notes, Linear Basket Credit Linked Notes or Index Credit Linked Notes

Where the Notes are First-to-Default or Nth-to-Default Credit Linked Notes, Non-Tranched Linear Basket Credit Linked Notes or Non-Tranched Index Credit Linked Notes, where Credit Payment As You Go applies, the Notes may be subject to redemption in full as described above upon the occurrence of a Credit Event in relation to the first or the nth or each Reference Entity in respect of which a Credit Event occurs.

Where the Notes are Tranched Linear Basket Credit Linked Notes, the redemption amount of the Notes will only be reduced as described above upon the occurrence of a Credit Event in relation to a number greater than the L (being the lower tranche level) number of Reference Entities specified in the Final Terms but will be subject to redemption in full as described above upon the occurrence of a Credit Event in relation to a number equal to or greater than the H (being the higher tranche level) number of Reference Entities specified in the Final Terms. The credit risk to Noteholders may further be increased as a result of the concentration of Reference Entities in a particular industry sector or geographic area or the exposure of the Reference Entities to similar financial or other risks.

Where the Notes are Tranched Index Credit Linked Notes, the redemption amount of the Notes will only be reduced as described above upon the occurrence of a Credit Event resulting in the Aggregate Loss Percentage exceeding the Attachment Point specified in the Final Terms but will be subject to redemption in full as described above upon the occurrence of a Credit Event resulting in the Aggregate Loss Percentage, being equal to or greater than the Exhaustion Point specified in the Final Terms. The credit risk to Noteholders may further be increased as a result of the concentration of Reference Entities in a particular industry sector or geographic area or the exposure of the Reference Entities to similar financial or other risks.

Investors' exposure to the credit performance of the Reference Entities may not correspond to actual market recovery on such Reference Entities, including for Zero/Set Recovery Notes, Tranched Linear Basket Credit Linked Notes and Tranched Index Credit Linked Notes

Interest and principal repayments on the Notes may be calculated by reference to the outstanding nominal amount of the Notes. As at the Issue Date the outstanding nominal amount is an amount equal to the Aggregate Nominal Amount. If a Credit Event occurs in respect of a Reference Entity, then the outstanding nominal amount may be reduced by an amount equal to a predefined portion of the Aggregate Nominal Amount (which may be one hundred percent of such predefined portion resulting in such portion of the outstanding nominal amount being reduced in full) irrespective of the actual market recovery in respect of such Reference Entity. Therefore investors' exposure to each Reference Entity may exceed the exposure that they might incur in respect of having entered into a standard single name credit default swap as protection seller in respect of each Reference Entity and investors may lose the entire principal amount invested.

Amendment of Credit Linked Conditions in accordance with market convention

The Calculation Agent may from time to time amend any provision of the Credit Linked Conditions to incorporate and/or reflect further or alternative documents or protocols from time to time published by ISDA with respect to the settlement of credit derivative transactions and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees which the Calculation Agent and the Issuer determine in a commercially reasonable manner are necessary to reflect or govern market practice for credit derivative transactions or hedging arrangements of the Issuer.

ISDA Credit Derivatives Definitions

Whilst there are many similarities between the terms used in this Base Prospectus, there are many substantial differences and a prospective investor should understand that the complete terms and conditions of the Notes are as set out in this Base Prospectus and the applicable Final Terms and that the 2014 ISDA Definitions are not incorporated by reference herein. Consequently, investing in Credit Linked Notes is not necessarily equivalent to investing a credit default swap that incorporates either the 2003 ISDA Definitions or the 2014 ISDA Definitions.

While ISDA has published and, where appropriate, supplemented the 2014 ISDA Definitions in order to facilitate transactions and promote uniformity in the credit derivatives market, the credit derivatives market has evolved over time and is expected to continue to change. Consequently, the 2014 ISDA Definitions and the terms applied to credit derivatives generally, including Credit Linked Notes are subject to further evolution. Past events have shown that the view of market participants may differ as to how either set of the ISDA Definitions operate or should operate. As a result of the continued evolution of the market, the Credit Linked Notes may not conform to future market standards. Such a result may have a negative impact on the Credit Linked Notes and there can be no assurances that changes to the terms applicable to credit derivatives generally will be predicable or favourable to the Issuer or the Noteholders.

Risks relating to Auction Settlement of Credit Linked Notes

Where an Auction Final Price Determination Date occurs in respect of Credit Linked Notes, the Auction Final Price will be determined according to an auction procedure set out in the applicable Transaction Auction Settlement Terms, 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. 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 Obligation.

The Issuer and the Noteholders may have little or no influence in the outcome of any such auction. However, there is a possibility that the Issuer or the Calculation Agent (or one of their 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, offers and physical settlement requests 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), neither the Issuer nor the Calculation Agent (or any of their Affiliates) shall be under any obligation to consider the interests of any Noteholder.

Cheapest to deliver risk

Where Physical Settlement is applicable, upon the occurrence of an Event Determination Date, the Calculation Agent has the discretion to select Deliverable Obligations of the Reference Entity for delivery to the Noteholders. It is likely that the Deliverable Obligations selected by the Calculation Agent are obligations of the Reference Entity with the lowest market value that are permitted to be delivered in accordance with the terms of the Notes. In addition, the Deliverable Obligations may be illiquid and such illiquidity may be more pronounced following the occurrence of a Credit Event, thereby adversely affecting the value of the relevant Deliverable Obligation.

Cheapest to value risk

Where Cash Settlement is applicable, upon the occurrence of an Event Determination Date, the Calculation Agent has the discretion to select Valuation Obligations of the Reference Entity for valuation in order to determine the Final Price. It is likely that the Valuation Obligations selected by the Calculation Agent are obligations of the Reference Entity with the lowest market value that are permitted to be valued in accordance with the terms of the Notes. This could result in a lower recovery value and hence greater losses for Noteholders. In addition, the Valuation Obligations may be illiquid and such illiquidity may be more pronounced following the occurrence of a Credit Event, thereby adversely affecting the value of the relevant Valuation Obligation which in turn would result in a lower recovery value for Noteholders.

Risks relating to Foreign Exchange (FX) Rate Linked Notes

The Issuer may issue Notes where the amount of principal and/or interest payable are dependent upon movements in currency exchange rates or are payable in one or more currencies which may be different from the currency in which the Notes are denominated ("**Foreign Exchange (FX) Rate Notes**"). Accordingly an investment in Foreign Exchange (FX) Rate Notes may bear similar market risks to a direct foreign exchange investment and potential investors should take advice accordingly.

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

The foreign exchange rate(s) to which the Notes are linked will affect the nature and value of the investment return on the Notes. The performance of foreign exchange rates are 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. Where the Notes are linked to the currency of an emerging market jurisdiction, such risks may be magnified – see also risk factor "*Emerging Market Currencies*" above.

If the amount of principal and/or interest payable are dependent upon movements in currency exchange rates and are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the currency exchange rates on principal or interest payable will be magnified. See also risk factor "*Risk of Leveraged Exposure*" above.

Payments of principal and interest or other obligations of the Issuer in respect of any Foreign Exchange (FX) Rate Notes may be restricted or varied upon the occurrence of certain disruption events applicable to the Notes. A relevant disruption event for an exchange rate may relate to inability to obtain a price for the exchange rate from the applicable price source(s), illiquidity, the split of any relevant currency into a dual exchange rate, inconvertibility, non-transferability, a material change in circumstances in the jurisdiction of the Subject Currency that makes it impossible to fulfil certain hedging arrangements, a nationalisation or variations in the prices quoted for the exchange on different sources being greater than a specified percentage threshold (or not quoted for by members of a survey used to determine such source) if specified for that rate in the terms and conditions of the Notes and/or the Final Terms.

Following a relevant disruption event, the applicable valuation date may be postponed so long as the relevant disruption event continues, the Calculation Agent may determine the applicable exchange rate, the Notes may be redeemed early (or on the originally designated date) by payment of the applicable early redemption amount rather than any amount that would have otherwise been calculated in respect of and due on the relevant date, the related date for payment or delivery may be deferred so long as the relevant disruption event continues or a fallback reference price source or sources may be used to calculate the rate instead of the originally designated price source. Potential investors in any Foreign Exchange (FX) Rate Notes should ensure that they have read and understood the terms and conditions of such Notes to understand which disruption events apply (and the consequences thereof) and should ensure that they are willing to accept the related risks prior to investing in the Notes, which risks include an adverse effect on (i) the value of, and/or amounts or assets due in respect of, the Notes due to the occurrence of any disruption event and application of the related disruption fallback(s); or (ii) an investor's investment schedule, timetable or plans if any due date for payment and/or delivery under the Notes is postponed as a consequence of a disruption event.

Notes which are issued at a substantial discount of premium may experience price volatility in response to changes in market interest rates

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

There are specific risks with regard to Floating Rate Notes

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the "*Terms and Conditions of the Notes*" provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing. In addition, the Issuer's ability to issue Fixed Rate Notes may affect the market value and secondary market (if any) of the Floating Rate Notes (and *vice versa*).

7. Market Factors

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. 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. 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.

There may be price discrepancies with respect to the Notes as between various dealers or other purchasers in the secondary market

If at any time a third party dealer quotes a price to purchase Notes or otherwise values Notes, that price may be significantly different (higher or lower) from any price quoted by any affiliate of BBVA. Furthermore, if any Noteholder sells their Notes, the Noteholder will likely be charged a commission for secondary market transactions, or the price may reflect a dealer discount.

8. Potential Conflicts of Interest

The Issuer and/or the Guarantor are subject to various potential conflicts of interest in respect of the Notes, which could have an adverse effect on the Notes.

The Issuer, the Guarantor and its affiliates may take positions in or deal with Reference Item(s)

The Issuer, the Guarantor and its affiliates may:

(a) in the ordinary course of business, effect transactions for their own account or for the account of their customers and hold long or short positions in the Reference Item(s) or related derivatives;

(b) in connection with an offering of Notes, enter into one or more hedging transactions with respect to the Reference Item(s) or related derivatives; and/or

(c) in connection with such hedging or market-making activities or with respect to proprietary or other trading activities, enter into transactions in the Reference Item(s) or related derivatives which may adversely (or positively) affect the price, liquidity or value of the relevant Notes and which could therefore be adverse to the interests of the relevant Noteholders.

The Calculation Agent, which will generally be the Guarantor or an affiliate of the Guarantor, has broad discretionary powers which may not take into account the interests of the Noteholders

As the Calculation Agent will generally be the Guarantor or an affiliate of the Guarantor, potential conflicts of interest may exist between the Calculation Agent and the Noteholders, including with respect to the exercise of the very broad discretionary powers of the Calculation Agent. For example, the Calculation Agent has the authority (i) to determine whether certain specified events and/or matters so specified in the conditions relating to a Tranche of Notes have occurred and (ii) to determine any resulting adjustments and calculations or substitutions as described in such conditions. Potential purchasers should be aware that any determination made by the Calculation Agent may have an impact on the value and financial return of the Notes. Any such discretion exercised by, or any calculation made by, the Calculation Agent (in the absence of manifest or proven error) shall be binding on the relevant Issuer and all Noteholders.

The Issuer and/or the Guarantor may have confidential information relating to the Reference Item and the Notes

The Issuer and/or the Guarantor or its affiliates may from time to time, by virtue of their status as underwriter, advisor or otherwise, possess or have access to information relating to the Notes, the Reference Item and any derivative Notes referencing them. Such affiliates will not be obliged to disclose any such information to a purchaser of the Notes provided that when such information constitutes inside information for the purposes of the Market Abuse Regulation 596/2014 ("**MAR**"), then the provisions of MAR and of any other conduct rules will be of application in relation to the same.

The Guarantor's securities as a Reference Item

The Guarantor's shares or other instruments issued by the Guarantor may be/form part of a Reference Item in Index Linked Notes, Equity Linked Notes or other type of Notes. The Guarantor will have material information in relation to such Notes which the Guarantor will not be obliged to disclose to a purchaser of Notes.

Potential conflicts of interest relating to distributors or other entities involved in the offer or listing of the Notes

Potential conflicts of interest may arise in connection with the Notes, as any distributors or other entities involved in the offer and/or the listing of the Notes as indicated in the Final Terms, may act pursuant to a mandate from the Issuer and/or the Guarantor and for the Dealer and may receive commissions and/or fees on the basis of the services performed in relation to such offer and/or listing.

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 other services for, the Issuer and its affiliates in the ordinary course of business.

9. Calculation Agent Powers

The Calculation Agent will employ the methodology described in the Conditions to determine amounts payable or deliverable in respect of the Notes. When making any such determination in relation to any amounts so payable or deliverable, the Calculation Agent or any delegate may in its sole and absolute discretion consider a wide range of information.

The Calculation Agent makes no express or implied representations or warranties as to (i) the advisability of investing in or obtaining exposure to the Notes, (ii) the value of the Notes at any particular time on any particular date, or (iii) any amounts that may become payable or deliverable in respect of the Notes.

Without limiting any of the foregoing, in no event shall the Calculation Agent have any liability (whether in negligence or otherwise) to any Noteholders for any direct, indirect, special, punitive, consequential or any other damages (including loss of profits) even if notified of the possibility of such damages.

The Calculation Agent shall not have any responsibility to any holder for any errors or omissions in any calculations or determinations in respect of the Securities and acts solely as an agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with any holder.

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) the audited annual financial statements of the Issuer for the financial years ended on 31 December 2018 (https://www.ise.ie/app/announcementDetails.aspx?ID=14055155) and 31 December 2017 (http://www.ise.ie/debt_documents/Annual%20Financial%20Statement_29c81d4b-01f1-4a78-90c0-2263b3970f5d.pdf) are prepared in accordance with with EU-IFRS;

(b) the published unaudited consolidated interim financial statements and interim consolidated Management Report of the Guarantor for the three month period ending 31 March 2019 (which includes for comparison purposes financial data for the period ended on 31 March 2018) and made available on the Guarantor's website www.bbva.com (https://shareholdersandinvestors.bbva.com/wp-content/uploads/2019/04/EstadosFinancierosIntemedios1T19_Eng.pdf);

(c) the English translation of the audited consolidated financial statements of the Guarantor as at, and for, the financial year ended 31 December 2018 (which includes for comparison purposes financial data for the years ended on 31 December 2017 and 2016), and the audit report issued in respect thereof, prepared in accordance with EU-IFRS and the audit report issued in respect thereof and the information on alternative performance measures on pages 118 to 124 (inclusive) of the Management Report 2018 (https://shareholdersandinvestors.bbva.com/wp-content/uploads/2019/02/5.Anual_Report_BBVA_GROUP_2018.pdf) and have been filed with the Central Bank of Ireland; and

(d) the English translation of the audited consolidated financial statements of the Guarantor as at, and for, the financial year ended 31 December 2017 (which includes for comparison purposes financial data for the years ended on 31 December 2016 and 2015), and the audit report issued in respect thereof, prepared in accordance with EU-IFRS and the audit report issued in respect thereof and the information on alternative performance measures on pages 86 to 91 (inclusive) of the Management Report 2017 (https://shareholdersandinvestors.bbva.com/wp-content/uploads/2018/02/5_cuentas_anuales_consolidadas_grupo_bbva2017eng.pdf) and have been filed with the Central Bank of Ireland.

Additionally, the terms and conditions contained in the following Base Prospectus, which has previously been published and has been filed with the Central Bank shall be incorporated in, and form part of, this Base Prospectus:

(i) the Terms and Conditions of the Notes (contained at pages 102 to 145), the Additional Terms and Conditions for Payouts (contained at pages 146 to 176), the Additional Terms and Conditions for Index Linked Notes (contained at pages 177 to 191), the Additional Terms and Conditions for Equity Linked Notes (contained at pages 192 to 210), the Additional Terms and Conditions for Inflation Linked Notes (contained at pages 211 to 217), the Additional Terms and Conditions for Fund Linked Notes (contained at pages 218 to 233), the Additional Terms and Conditions for Foreign Exchange (FX) Rate Linked Notes (contained at pages 234 to 246), and the Additional Terms and Conditions for Credit Linked Notes (2014 ISDA Credit Derivatives Definitions Version) (contained at pages 247 to 314) in each case, of the Issuer's Base Prospectus dated 8 July 2015 which is available on the website of Euronext Dublin (http://www.ise.ie/debt_documents/Base%20Prospectus_08229305-00df-4d0d-9509-6467cec23f62.pdf);

(ii) the Terms and Conditions of the Notes (contained at pages 88 to 132), the Additional Terms and Conditions for Payouts (contained at pages 133 to 165), the Additional Terms and Conditions for Index Linked Notes (contained at pages 166 to 180), the Additional Terms and Conditions for Equity Linked Notes (contained at pages 181 to 199), the Additional Terms and Conditions for Inflation Linked Notes (contained at pages 200 to 205), the Additional Terms and Conditions for Fund Linked Notes (contained at pages 206 to 224), the Additional Terms and Conditions for Foreign Exchange (FX) Rate Linked Notes (contained at pages 225 to 237) and the Additional Terms and Conditions for Credit Linked Notes (contained at pages 238 to 306), in each case, of the Issuer's Base Prospectus dated 19 July 2016 which is available on the Euronext Dublin website (http://www.ise.ie/debt_documents/Base%20Prospectus_de043dde-31f9-4c8b-8119-e0e7ad509b88.pdf);

(iii) the Terms and Conditions of the Notes (contained at pages 96 to 143), the Additional Terms and Conditions for Payouts (contained at pages 144 to 180), the Additional Terms and Conditions for Index Linked Notes (contained at pages 181 to 195), the Additional Terms and Conditions for Equity Linked Notes (contained at pages 196 to 213), the Additional Terms and Conditions for Inflation Linked Notes (contained at pages 214 to 219), the Additional Terms and Conditions for Fund Linked Notes (contained at 220 to 236), the Additional

Terms and Conditions for Foreign Exchange (FX) Rate Linked Notes (contained at 237 to 249) and the Additional Terms and Conditions for Credit Linked Notes (contained at pages 250 to 322), in each case, of the Issuer's Base Prospectus dated 21 July 2017 which is available on the Euronext Dublin website (http://www.ise.ie/debt_documents/BBVA%20SMTN%20Base%20Prospectus%202017%20(36970608_1)_6b1c189c-6216-4176-b796-d4486f43d23e.PDF); and

(iv) the Terms and Conditions of the Notes (contained at pages 102 to 150), the Additional Terms and Conditions for Payouts (contained at pages 151 to 185), the Additional Terms and Conditions for Index Linked Notes (contained at pages 186 to 200), the Additional Terms and Conditions for Equity Linked Notes (contained at pages 201 to 218), the Additional Terms and Conditions for Inflation Linked Notes (contained at pages 236 to 241), the Additional Terms and Conditions for Fund Linked Notes (contained at 219 to 235), the Additional Terms and Conditions for Foreign Exchange (FX) Rate Linked Notes (contained at 242 to 254) and the Additional Terms and Conditions for Credit Linked Notes (contained at pages 255 to 329), in each case, of the Issuer's Base Prospectus dated 18 June 2018 which is available on the Euronext Dublin website (https://www.ise.ie/debt_documents/Base%20Prospectus_87623.pdf).

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and/or the Guarantor and approved by the Central Bank in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this 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 Issuer and the Guarantor at Calle Azul, 4, 28050, Madrid or on the Guarantor's website (www.bbva.com).

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus. Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

The Issuer and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new base prospectus for use in connection with any subsequent issue of Notes.

The Guarantor files periodic reports (including Annual Reports on Form 20-F) and other information with the U.S. Securities and Exchange Commission (the "**SEC**"), which are available on the SEC's website (http://www.sec.gov), and investors are referred to such reports and other information for current information with respect to the Guarantor.

TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes (the "**General Conditions**", and each, a "**General Condition**") which will be incorporated by reference into each Global Note and into each Book-Entry Note (as defined below) and endorsed upon each definitive Note. The Final Terms (as defined below) (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note.*

*The additional terms and conditions contained in Annex 1 in respect of payouts (the "**Payout Conditions**"), Annex 2 in the case of Index Linked Notes (the "**Index Linked Conditions**"), Annex 3 in the case of Equity Linked Notes (the "**Equity Linked Conditions**"), Annex 4 in the case of ETF Linked Notes (the "**ETF Linked Conditions**"), Annex 5 in the case of Fund Linked Notes (the "**Fund Linked Conditions**"), Annex 6 in the case of Inflation Linked Notes (the "**Inflation Linked Conditions**"), Annex 7 in the case of Foreign Exchange (FX) Rate Linked Notes (the "**Foreign Exchange (FX) Linked Conditions**") and Annex 8 in the case of Credit Linked Notes (the "**Credit Linked Conditions**") (each as defined below, an "**Annex**", and together, the "**Annexes**") will apply to the Notes if so specified in the Final Terms.*

Reference should be made to "Form of Notes" below for a description of the content of Final Terms which will include the definitions of certain terms used in these General Conditions or specify which of such terms are to apply in relation to the relevant Notes.

Each Note is one of a Series (as defined below) of Notes issued by BBVA Global Markets B.V. (the "**Issuer**") pursuant to the Agency Agreement (as defined below).

References herein to the "**Notes**" shall be references to the Notes of a Series and shall mean:

(i) in relation to any Notes represented by a global Note (a "**Global Note**"), units of the lowest Specified Denomination in the Specified Notes Currency;

(ii) any Global Note;

(iii) any definitive Notes in bearer form ("**Definitive Bearer Notes**") issued in exchange for a Global Note in bearer form and in registered form ("**Registered Notes**") (whether or not issued in exchange for a Global Note in registered form); and

(iv) in respect of Notes in book-entry form ("**Book-Entry Notes**"), units of the lowest Specified Denomination in the Specified Currency.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement (such Agency Agreement as further amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 18 June 2019 and made between the Issuer, Banco Bilbao Vizcaya Argentaria, S.A. as guarantor (in such capacity, the "**Guarantor**") and, unless otherwise specified in the Final Terms, calculation agent and delivery agent (the "**Calculation Agent**" and the "**Delivery Agent**", which expressions shall include any successor calculation agent or successor delivery agent and any other calculation agent or delivery agent specified in the Final Terms), Deutsche Bank AG, London Branch as issuing and principal paying agent and agent bank (the "**Principal Paying Agent**" and, together with any other paying agent specified in the Final Terms, the "**Paying Agents**", which expressions shall include any successor principal paying agent or any successor or additional paying agent), Deutsche Bank Trust Company Americas as exchange agent, transfer agent and registrar (the "**Exchange Agent**", the "**Transfer Agent**" and the "**New York Registrar**", which expressions shall include any successor exchange agent and any additional or successor transfer agent or registrar) and Deutsche Bank Luxembourg S.A. as transfer agent and registrar, the "**Transfer Agent**" and the "**Luxembourg Registrar**", which expressions shall include any successor transfer agent or registrar. The New York Registrar and the Luxembourg Registrar together, the "**Registrars**" and each a "**Registrar**", as applicable. The Principal Paying Agent, the other Paying Agents, the Calculation Agent, the Delivery Agent, the Exchange Agent, the Transfer Agents and the Registrar are referred to together as the "**Agents**".

The final terms for each Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on the relevant Note which supplement, and will be read in conjunction with, these General Conditions. References to the "**Final Terms**" are to the final terms (or the relevant provision thereof) attached or endorsed on the relevant Note.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes, for the purposes of this Base Prospectus only, any relevant implementing measure in a relevant Member State of the European Economic Area.

TERMS AND CONDITIONS OF THE NOTES

The payment of all amounts in respect of each Note have been guaranteed by the Guarantor pursuant to a guarantee (the "**Guarantee**") dated 18 June 2019 and executed by the Guarantor. The original of the Guarantee is held by the Principal Paying Agent on behalf of the Noteholders, the Receiptholders and the Couponholders at its specified office.

Any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall, subject as provided in General Condition 1(a), mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered 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 (each as defined below).

As regards Book-Entry Notes, any reference to "Noteholders" or "holders" in relation to Book-Entry Notes shall mean the persons registered in the central registry (the "**Central Registry**") maintained by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., Unipersonal ("**Iberclear**") or in the registry maintained by the relevant member (entidad participante) of Iberclear ("**Iberclear Member**"). Any reference herein to Receipts, Coupons and Talons and to their respective holders shall not be applicable.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the "**Deed of Covenant**") dated 18 June 2019 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Guarantee, a deed poll dated 10 November 2009 and made by the Issuer and the Guarantor (the "**Deed Poll**"), the Deed of Covenant and the Agency Agreement are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent and the Registrar. Copies of the Final Terms may be obtained from the Principal Paying Agent at its specified office during normal business hours. 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 Poll, the Deed of Covenant and the Final Terms which are applicable to them. The statements in the General 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 Final Terms shall have the same meanings where used in the General Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the Final Terms, the Final Terms will prevail.

1. Form, Denomination and Title

(a) Form and Denomination

The Notes are in bearer form ("**Bearer Notes**") or registered form ("**Registered Notes**") or book-entry form ("**Book-Entry Notes**") in the currency (the "**Specified Notes Currency**") and the denomination(s) (the "**Specified Denomination(s)**") specified in the Final Terms and definitive Notes will be serially numbered. Book-Entry Notes may not be exchanged for Bearer Notes or Registered Notes and vice versa.

If a Note is a definitive Bearer Note (a "**Definitive Bearer Note**"), it is issued with coupons for the payment of interest ("**Coupons**") attached and, if applicable, talons for further Coupons ("**Talons**") attached unless it is a Zero Coupon Note (as defined below) in which case references to interest (other than in the case of late payment) and Coupons in these General Conditions are not applicable. If it is a Definitive Bearer Note that is an Instalment Note (as defined below) it is issued with receipts ("**Receipts**") for the payment of instalments of principal prior to stated maturity attached. Any reference in these General Conditions to Coupon(s) or Couponholder(s) shall, unless the context otherwise requires, be deemed to include a reference to Talon(s) or Talonholder(s).

(b) Type of Notes

A Note is, to the extent specified in the Final Terms, (i) a Note bearing interest on a fixed-rate basis (a "**Fixed Rate Note**"), (ii) a Note bearing interest on a floating-rate basis (a "**Floating Rate Note**"), (iii) a Note bearing interest on the basis of specified interest amounts (a **"Specified Interest Amount Note"**), (iv) a Note issued on a non-interest bearing basis and offered and sold at a discount (other than a de minimis discount) to its

nominal amount or at par and to which the Zero Coupon Notes provisions are expressed to be applicable (a "**Zero Coupon Note**"), and/or (iv) a Reference Item Linked Note (as defined below).

A Note may, to the extent specified in the Final Terms, also be (i) a Note which is redeemable in instalments (an "**Instalment Note**"), (ii) a Note upon which its denomination and payment of principal and/or interest may be in more than one currency (a "**Dual Currency Note**"), (iii) a Note issued on a partly paid basis (a "**Partly Paid Note**") or a (iv) a Reference Item Linked Note.

"**Reference Item Linked Note**" means a Note whose return (whether in respect of any interest payable (such note a "**Reference Item Linked Interest Note**" as defined in Annex 1 – Payout Conditions) on such Note and/or its redemption amount) is linked to one or more Reference Items, including indices (an "**Index Linked Note**") or shares or depositary receipts (an "**Equity Linked Note**") or inflation indices (an "**Inflation Linked Note**") or reference item rate(s) (a "**Reference Item Rate Linked Note**"), or exchange traded fund shares (an "**ETF Linked Note**") or fund shares or units (a "**Fund Linked Note**") or the credit of a specified entity or entities (a "**Credit Linked Note**") or foreign exchange rates (a "**Foreign Exchange (FX) Rate Linked Note**") or any combination thereof (a "**Combination Note**") as specified in the Final Terms.

"**Reference Item**" means one or more underlying reference assets, entities or bases, as may be specified in the Final Terms.

A Note may, as provided in the Final Terms, provide that settlement will be by way of cash settlement ("**Cash Settled Notes**"); by way of physical delivery ("**Physically Settled Notes**"); or where Condition 5(b)(ii) (*Variation of Settlement*) is specified in the Final Terms to apply, the method of settlement may be changed from Cash Settlement to Physical Delivery (or vice versa) at the option of the Issuer.

(c) Title

Subject as set out below, title to Bearer Notes, Coupons and Receipts will pass by delivery, and title to Registered Notes will pass upon registration of transfers, in accordance with the provisions of the Agency Agreement. The holder of each Coupon or Receipt, whether or not such Coupon or Receipt is attached to a Bearer Note, in his capacity as such, shall be subject to and bound by all the provisions contained in the relevant Note. The Issuer, the Guarantor and any Paying Agent, to the extent permitted by applicable law, may deem and treat the bearer of any Bearer Note, Coupon or Receipt as the absolute owner thereof (whether or not such Bearer Note, Coupon or Receipt shall be overdue and notwithstanding any notation of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Bearer Global Note, without prejudice to the provisions set out below.

The Issuer has appointed the entity specified in the Final Terms at its office specified below to act as registrar of the Registered Notes (the "**Registrar**"). The Issuer shall cause to be kept a register at the specified office of the New York Registrar for the time being at 60 Wall Street, New York, New York 10005, United States or at the specified office of the Luxembourg Registrar for the time being at 2 Boulevard Konrad Adenauer, Luxembourg, L-1115 Grand Duchy of Luxembourg, a register (the "**Register**") on which shall be entered, *inter alia*, the name and address of the holder of the Registered Notes and particulars of all transfers of title to the Registered Notes.

(d) Notes in Global Form

For as long as any of the Notes are represented by a Global Note held by or on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") and/or The Depositary Trust Company ("**DTC**") or its nominee, each person (other than Euroclear or Clearstream, Luxembourg or DTC) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg, or of DTC 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 or DTC 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 Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes and, in the case of DTC or its nominee, voting, giving consents and making requests, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantor and any Agent 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 DTC, Euroclear and Clearstream, Luxembourg, as the case may be.

Except in relation to Notes indicated in the Final Terms as being in New Global Note form, references to DTC, 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 Final Terms or as may otherwise be approved by the Issuer and Principal Paying Agent.

If Registered Notes are represented by a Registered Global Note, such Registered Global Note will be registered in the name of a nominee for a common safekeeper (if the Registered Global Note is issued under the new safekeeping structure ("**NSS**")) or a common depositary (if the Registered Global Note is not issued under the NSS) on behalf of, in either case, Euroclear and Clearstream Luxembourg or in the name of a nominee for an alternative clearing system or in the name of such other person as the Final Terms shall provide.

(e) Book-Entry Notes[1]

Book-Entry Notes may be transferred and title to the Book-Entry Notes may pass, in accordance with Spanish law and with all rules, restrictions and requirements of Iberclear (or, as the case may be, the relevant Iberclear Member), upon registration in the Central Registry or, as the case may be, the registry maintained by the relevant Iberclear Member. Each holder of Book-Entry Notes will be (except as otherwise required by Spanish law) treated as the absolute owner of the relevant Book-Entry Note for all purposes and no person will be liable for so treating the holder of Book-Entry Notes.

The creation of limited in rem rights or any other encumbrance on the Book-Entry Note must be entered in the corresponding account and effected in accordance with the then current procedures of Iberclear (or relevant Iberclear Member).

One or more certificates evidencing the relevant Noteholder's holding of Book-Entry Notes in the relevant registry will be delivered by the relevant Iberclear Member or, where the Noteholder is itself a Iberclear Member, by Iberclear (in each case, in accordance with the requirements of Spanish law and the procedures of the relevant Iberclear Member or, as the case may be, Iberclear) to such Noteholder upon such Noteholder's request.

2. Transfers of Registered Notes

(a) Transfers of interests in Registered Global Notes

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

(b) Transfers of Registered Notes in definitive form

Subject as provided in paragraphs (e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the Specified Denominations set out in the Final Terms). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (ii) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being

[1] In no event Notes to be offered or sold in the United States will be Book-Entry Notes

scheduled to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Registered Note in definitive form of a like Aggregate Nominal Amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(c) Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under General Condition 6, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(d) Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(e) Transfers of interests in Regulation S Global Notes

Prior to expiry of the applicable Distribution Compliance Period (as defined below), transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

(A) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a "Transfer Certificate"), copies of which are available from the specified office of any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB who is also a QP (as defined below) in a transaction meeting the requirements of Rule 144A, and upon receipt by the Registrar of a representation letter substantially in the form set out in the Agency Agreement, amended as appropriate (an "Investment Letter"), from the transferee of the Note or beneficial interest therein to the effect that such transfer is being made to a person who certifies as to its status as a QIB who is also a QP; or

(B) otherwise pursuant to the Securities Act (as defined below) or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States, and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (A) above, such transferee may take delivery through a Legended Note (as defined below) in global or definitive form and, in the case of (B) above, such transferee may take delivery only through a Legended Note in definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

(f) Transfers of interests in Legended Notes

Transfers of Legended Notes or beneficial interests therein may be made:

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

(B) to a transferee who takes delivery of such interest through a Legended Note:

A. where the transferee is a person whom the transferor reasonably believes is a QIB and a QP in a transaction meeting the requirements of Rule 144A, or where the transferee is an Institutional Accredited Investor (as defined below) who is also a QP, subject to delivery to the Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to a QIB who is also a QP or to an Institutional Accredited Investor who is also a QP (as applicable), together with a duly executed investment letter from the relevant transferee in the form set out in the Agency Agreement (an "Investment Letter"); or

B. where the transferee is an Institutional Accredited Investor (as defined below) who is also a QP, subject to delivery to the Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to an Institutional Accredited Investor who is also a QP, together with a duly executed Investment Letter; or

(C) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States, and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Notes transferred by Institutional Accredited Investors who are also QPs to QIBs who are also QPs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs who are also QPs or non-U.S. investors through DTC, Euroclear or Clearstream, Luxembourg, as appropriate, and the Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

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

In the case of an Institutional Accredited Investor who is also a QP, or a QIB who is also a QP, if at any time the Issuer determines or is notified by the dealer in respect of the Notes specified in the Final Terms (the "**Dealer**") acting on behalf of the Issuer that such holder or transferee was in breach, at the time given or deemed to be given, of any of the representations or agreements set out in the Investment Letter or otherwise determines that any transfer or other disposition of any Notes would, in the sole determination of the Issuer or the Dealer acting on behalf of the Issuer, require the Issuer to register as an "investment company" under the provisions of the 1940 Act, such purchase or other transfer will be void *ab initio* and will not be honoured by the Registrar. Accordingly, any such purported transferee or other holder will not be entitled to any rights as a Noteholder and the Issuer shall have the right, in accordance with the conditions of the Notes, to force the transfer of, transfer on behalf of the Noteholder or redeem, any such Notes.

(g) Exchanges and transfers of Registered Notes generally

Holders of Registered Notes in definitive form, other than Institutional Accredited Investors who are also QPs, may exchange such Notes for interests in a Registered Global Note of the same type at any time.

(h) Minimum Tradeable Amount

Where a "**Minimum Tradable Amount**" is specified in the Final Terms, Notes will be transferable only in a minimum aggregate amount of Specified Denominations equal to the Minimum Tradable Amount specified in the Final Terms.

(i) Definitions

In this General Condition, the following expressions shall have the following meanings:

"**Bearer Global Note**" means a global note (temporary or permanent) in bearer form;

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

"**Eligible Investors**" are defined as persons who are QIBs who are also QPs acting for their own account or for the account of other QIBs who are also QPs, or persons who are Institutional Accredited Investors who are also QPs, but excluding therefrom: (i) QIBs that are broker dealers that own and invest on a discretionary basis less than US$25

million in "securities" of unaffiliated issuers (ii) a partnership, common trust fund, special trust, pension fund, retirement plan or other entity in which the partners, beneficiaries or participants, as the case may be, may designate the particular investments to be made or the allocation thereof, (iii) an entity that was formed, reformed or recapitalised for the specific purpose of investing in the Notes, (unless each beneficial owner of such entity is a QP), (iv) any investment company excepted from the 1940 Act solely pursuant to Section 3(c)(1) or Section 3(c)(7) thereof and formed prior to 30 April, 1996, that has not received the consent of its beneficial owners with respect to the treatment of such entity as a qualified purchaser in the manner required by Section 2(a)(51)(C) of the 1940 Act and rules thereunder, and (v) any entity that will have invested more than 40 per cent. of its assets in securities of the Issuer subsequent to any purchase of the Notes.

"**Institutional Accredited Investor**" means "accredited investors" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that are institutions;

"**Legended Note**" means Registered Notes in definitive form that are issued to Institutional Accredited Investors who are also QPs and Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs who are also QPs in accordance with the requirements of Rule 144A which bear a legend specifying certain restrictions on transfer (a "**Legend**");

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

"**QP**" means a "qualified purchaser" within the meaning of Section 2(a)(51)(A) of the United States Investment Company Act of 1940, as amended (the "**1940 Act**") and the rules and regulations thereunder;

"**Registered Global Note**" means a global note in registered form;

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

"**Regulation S Global Note**" means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

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

"**Rule 144A Global Note**" means a Registered Global Note representing Notes sold in the United States or to QIBs who are also QPs; and

"**Securities Act**" means the United States Securities Act of 1933, as amended.

(j) No transfer of Implicit Yield Notes to Spanish Individuals

The sale, transfer, or acquisition of Implicit Yield Notes (as defined below), including, but not limited to, Zero Coupon Notes, to or by individuals (*personas físicas*) who are tax resident in Spain (each a "**Spanish Individual**") is forbidden in all cases. Any transfer of Implicit Yield Notes to or by Spanish Individuals is not permitted and such transfer will be considered null and void by the Issuer and the Guarantor. Accordingly, neither the Issuer nor the Guarantor will recognise any Spanish Individual as an owner of Implicit Yield Notes.

For the purposes of these General Conditions:

"**Implicit Yield Notes**" means Notes in respect of which the income derives from (i) the difference between the redemption amount and the issue price of the Notes, or (ii), subject to the paragraph below, a combination of (A) an explicit coupon and (B) the difference between the redemption amount and the issue price of the Notes.

For the purposes of these Conditions and in accordance with Spanish tax regulations, Notes with the characteristics set out in (ii) above will only be deemed Implicit Yield Notes if the interest payable in each year (explicit coupon) is lower than the Interest Rate of Reference applicable as of the Issue Date.

The "**Interest Rate of Reference**" shall be the interest rate applicable to each calendar quarter determined by reference to 80 per cent. of the weighted average rate fixed in the preceding calendar quarter for a (i) 3 year Spanish Government Bond issues, if the Notes have a term of 4 years or less, (ii) 5 year Spanish Government Bond issues, if the Notes have a term of more than 4 years but equal or less than 7 years, or (iii) 10, 15 or 30 year Spanish Government Bond issues, if the Notes have a term of more than 7 years, all as determined by the Calculation Agent in a commercially reasonable manner.

The Issuer, the Guarantor, the Dealer(s), the Principal Paying Agent or any other party to this Programme shall not be liable to any Noteholder for any loss arising by operation of this General Condition 2(j).

3. Status of the Notes and the Guarantee

(a) Status of the Notes

The Notes and any related Coupons and Receipts constitute direct, unconditional and unsecured and unsubordinated obligations of the Issuer and rank *pari passu*, without any preference or priority among themselves and with all other outstanding unsecured and unsubordinated obligations of the Issuer present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditor's right.

In the event of insolvency of the Issuer, the court having jurisdiction to open an insolvency proceeding and the law applicable to those proceedings and their effects will be determined in accordance with the provisions of Regulation (EU) No 2015/848, of 20 May 2015, on insolvency proceedings ("**Regulation 2015/848**"), the Spanish Insolvency Law 22/2003, of 9 July 2003, as amended (the "**Spanish Insolvency Law**") and the Dutch Insolvency Law (*faillissementswet*) of 30 September 1893, as amended (the "**Dutch Insolvency Law**"). Pursuant to these provisions, the courts of the place where the Issuer has its centre of main interests shall have jurisdiction to open insolvency proceedings against it and the law applicable to the insolvency proceedings and their effects will be the law of the place where such proceedings are opened.

Under Regulation 2015/848 the centre of main interests should correspond to the place where the debtor conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. In the case of a company or legal person, Regulation 2015/848 presumes, in the absence of proof to the contrary, that the place of its registered office is the centre of main interests. Based on this presumption a Dutch court may consider that it has jurisdiction to open insolvency proceedings against the Issuer. Notwithstanding this presumption, it is arguable that the centre of main interests of the Issuer should be considered to be located in Spain and that the Spanish courts should be the courts with jurisdiction to open insolvency proceedings against it. In addition, even if the centre of main interests of the Issuer were not in Spain, the Spanish court could still open insolvency proceedings (named territorial insolvency proceedings) if they consider that the Issuer has an establishment within the territory of Spain, the effects of which would be limited to the assets of the Issuer situated in Spain.

In the event of insolvency (*faillissement*) of the Issuer declared by a Dutch court (either principal or territorial proceedings), claims relating to Notes will be *pari passu* claims (*concurrente vorderingen*) as defined in the Dutch Insolvency Law. Ordinary credits rank below credits against the insolvency estate (*boedelschuld*) and credits with a privilege (*voorrecht*). Ordinary credits rank above subordinated credits and the rights of shareholders.

In the event of insolvency (*concurso*) of the Issuer declared by a Spanish court (either principal or territorial insolvency proceedings) claims relating to Notes (which are not subordinated pursuant to article 92 of the Spanish Insolvency Law) will be ordinary credits (*créditos ordinarios*) as defined in the Spanish Insolvency Law. Ordinary credits rank below credits against the insolvency estate (*créditos contra la masa*) and privileged credits (*créditos privilegiados*) which shall be paid in full before ordinary credits. The claims of all creditors against the Issuer considered as "ordinary credits": will be satisfied pro rata in insolvency. Ordinary credits rank above subordinated credits and the rights of shareholders.

Pursuant to article 59 of the Spanish Insolvency Law, the further accrual of interest shall be suspended from the date of declaration of the insolvency of any Issuer. Claims in respect of interest on the Notes accrued but unpaid as of the commencement of any insolvency procedure in respect of the Issuer shall constitute subordinated claims against the Issuer ranking in accordance with the provisions of article 92 of the Spanish Insolvency Law (including, without limitation, after claims on account of principal in respect of contractually subordinated obligations of the Issuer).

(b) Status of the Guarantee

The payment of principal and interest in respect of the Notes and any related Coupons and Receipts and all amounts due under the Deed of Covenant in respect of the Notes and any related Coupons and Receipts has been unconditionally and irrevocably (*solidariamente*) guaranteed by the Guarantor pursuant to the Guarantee.

The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

In the event of insolvency (*concurso*) of the Guarantor, under the Spanish Insolvency Law, claims of Noteholders (which are not subordinated pursuant to article 92 of the Insolvency law) will be ordinary credits (*créditos ordinarios*) as defined in the Spanish Insolvency Law. Ordinary credits rank below credits against the insolvency estate (*créditos contra la masa*) and privileged credits (*créditos privilegiados*) (including, without limitation, any deposits for the purposes of Additional Provision 14.1 of Law 11/2015) which shall be paid in

full before ordinary credits. The claims of all creditors against the Guarantor considered as "ordinary credits" will be satisfied pro rata in insolvency. Ordinary credits rank above subordinated credits and the rights of shareholders.

Pursuant to article 59 of the Spanish Insolvency Law, the further accrual of interest shall be suspended from the date of declaration of the insolvency of the Guarantor. Claims of Noteholders in respect of interest accrued but unpaid as of the commencement of any insolvency procedure in respect of the Guarantor shall constitute subordinated claims against the Guarantor ranking in accordance with the provisions of article 92 of the Spanish Insolvency Law (including, without limitation, after claims on account of principal in respect of contractually subordinated obligations of the Guarantor).

The obligations of the Guarantor under the Guarantee are also subject to the application of the general bail-in tool by the Fondo de Reestructuración Ordenada Bancaria or any successor resolution authority (the FROB) pursuant to Law 11/2015.

4. Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will accrue in respect of each period from (and including) an Interest Period End Date (or if none the Interest Commencement Date) to (but excluding) the next (or first) Interest Period End Date (each an "**Interest Period**" and each such latter date the "**Interest Period End Final Date**")). Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. If an Interest Payment Date falls after the Interest Period End Final Date in respect of the relevant Interest Period, no additional interest or other amount shall be payable as a result of such interest being payable on such latter date. If a Business Day Convention (as defined in General Condition 4(i) below is specified in the Final Terms as applying to an Interest Period End Date or an Interest Payment Date and (i) if there is no numerically corresponding day on the calendar month in which an Interest Period End Date or Interest Payment Date, as the case may be, should occur or (ii) if any Interest Period End Date or Interest Payment Date, as the case may be, would otherwise fall on a day which is not a Business Day (as defined in General Condition 4(i)), then, the relevant Business Day Convention shall apply. For the purposes of this General Condition 4(a), "**Interest Period End Date**" shall mean each date so specified in the Final Terms. If no such date(s) is so specified, then the Interest Period End Date for an Interest Period shall be the corresponding Interest Payment Date (unadjusted for any Business Day Convention).

If no Business Day Convention is specified as applicable to an Interest Period End Final Date in the Final Terms, except as provided in the Final Terms:

(i) the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Final Date in respect of such Interest Period, will amount to the Fixed Coupon Amount; and

(ii) the amount of interest payable on any other Interest Payment Date will, if so specified in the Final Terms, amount to the Broken Amount so specified.

Subject to the Payout Conditions, Interest shall be calculated by applying the Rate of Interest to:

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

(y) in the case of each Fixed Rate Note in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction (as defined in General Condition 4(i) below) specified in the Final Terms, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Notes Currency, half of any such sub-unit (as defined below) being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of Interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

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

(b) Interest on Floating Rate Notes and Reference Item Linked Interest Notes

(i) Interest Period End Dates and Interest Payment Dates

Each Floating Rate Note and, subject to the provisions of General Condition 4(e) below and unless otherwise specified in the Final Terms, each Reference Item Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, in accordance with General Condition 4(f)) in respect of each Interest Period (as defined in General Condition 4(a)). For the purposes of this General Condition 4(b), "**Interest Period End Date**" shall mean either:

(A) the specified Interest Period End Date(s) in each year specified in the Final Terms; or

(B) if no Interest Period End Date(s) is/are specified in the Final Terms, (x) in the case of Floating Rate Notes, each date which falls on the number of months or other period specified as the Specified Period in the Final Terms after the preceding Interest Period End Date or, in the case of the first Interest Period End Date, after the Interest Commencement Date and (y) in the case of Reference Item Linked Interest Notes, the corresponding Interest Payment Date (unadjusted for any Business Day Convention).

Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. If an Interest Payment Date falls after an Interest Period End Final Date in respect of the relevant Interest Period, no additional interest or other amount shall be payable as a result of such interest being payable on such later date.

If a Business Day Convention is specified in the Final Terms as applying to an Interest Period End Date or an Interest Payment Date and (i) if there is no numerically corresponding day on the calendar month in which an Interest Period End Date or Interest Payment Date, as the case may be, should occur or (ii) if any Interest Period End Date or Interest Payment Date, as the case may be, would otherwise fall on a day which is not a Business Day (as defined in General Condition 4(i) below), then the relevant Business Day Convention (as defined in General Condition 4(i) below) shall apply. Provided that, in any case, where Specified Periods are specified in accordance with General Condition 4(b)(i)(A) and (B) above, the Floating Rate Convention shall apply.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Reference Item Linked Interest Notes will be determined in the manner specified in the Final Terms.

(iii) ISDA Determination

Where ISDA Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the Final Terms) the Margin (if any). For the purposes of this subparagraph (iii), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

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

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

(C) the relevant Reset Date is either (x) if the applicable Floating Rate Option is based on the London interbank offered rate ("LIBOR") or on the Euro-zone inter-bank offered rate ("EURIBOR") for a currency, the first day of that Interest Period or (y) in any other case, as specified in the Final Terms.

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

(iv) Screen Rate Determination

Where Screen Rate Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate(s) which appears or appear, as the case may be, on the Relevant Screen Page (or any successor to such page or service) as at the Specified Time indicated in the Final Terms (which will be 11.00 a.m., London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date (as defined below) in question plus or minus (as indicated in the Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded, as provided above) of such offered quotations; or

(C) in the case of a CMS Rate, the rate for swap transactions in the currency to which the CMS Rate relates with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page (or any successor to such page or service) as of the Specified Time on the relevant Interest Determination Date plus or minus (as indicated in the Final Terms) the Margin (if any) all as determined by the Calculation Agent or, in the event that the Principal Paying Agent determines it is not reasonably practicable to determine the Rate of Interest in such manner, the Rate of Interest will be determined by the Calculation Agent as such rate that it determines would have prevailed but for such impracticality by reference to such source(s) as it may select; or

(D) in the case of a rate that is based on the yield of a government bond (a "Government Bond Yield Rate"), the rate for a generic government bond, expressed as a percentage per annum, with a maturity of the Designated Maturity, which appears on the Relevant Screen Page (or any successor to such page or service) as of the Specified Time on the relevant Interest Determination Date plus or minus (as indicated in the Final Terms) the Margin (if any) (all as specified in the Final Terms), as determined by the Calculation Agent; or

(E) if the Calculation Agent determines that it is not reasonably practicable to obtain the rate in such manner, the rate will be determined as such rate that the Calculation Agent determines would have prevailed but for such impracticability by reference to such source(s) as it may select.

In case the rate specified in the Final Terms is a TEC Rate (Taux de l'Echéance Constante), the offered quotation, expressed as a percentage rate per annum, with a maturity of the Designated Maturity calculated by the *Comité de Normalisation Obligataire* (or successor thereto), which appears on the Relevant Screen Page (or any successor to such page or service) as of the Specified Time on the relevant Interest Determination Date plus or minus (as indicated in the Final Terms) the Margin (if any) (all as specified in the Final Terms), as determined by the Calculation Agent.

If the Calculation Agent determines it is not reasonably practicable to determine the rate in such manner, the rate shall be determined by the Calculation Agent on the basis of the linear interpolation of the mid-market prices for each of the two reference French treasury bonds (*Obligation Assimilable du Trésor*) ("**OAT**"), which would have been used by the Comité de Normalisation Obligataire (or successor thereto) for the calculation of the relevant rate.

In order to determine such mid-market prices, the Calculation Agent shall request five active dealers each to provide a quotation of its price at approximately the Specified Time on the Interest Determination Date in question and shall determine the mid-market prices as the arithmetic mean of such quotations after discarding the highest and lowest of such quotations.

In the case of (A) and (B), the Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the Specified Time indicated above or in the Final Terms. The Final Terms may, if agreed by the relevant Dealer, set out such provisions in full.

(v) Determination of Rate of Interest and Calculation of Interest Amount

The Principal Paying Agent will, on or as soon as practicable after each date on which the Rate of Interest is to be determined (the "**Interest Determination Date**"), determine the Rate of Interest (subject to any Minimum Interest Rate or Maximum Interest Rate specified in the Final Terms) for the relevant Interest Period.

Subject to the Payout Conditions, the Principal Paying Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes and Reference Item Linked Interest Notes which are represented by a Global Note or which are Book-Entry Notes, the aggregate outstanding nominal amount of the Notes represented by such Global Note or Book-Entry Notes (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of each Floating Rate Note, Reference Item Linked Interest Note and Combination Interest Note in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the Day Count Fraction (as defined in General Condition 4(i) below) specified in the Final Terms and rounding the resultant figure to the nearest sub-unit (defined above) of the relevant Specified Notes Currency, one half of such a sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Floating Rate Note and Reference Item 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.

(vi) Minimum and/or Maximum Interest Rate

If the Final Terms specifies a Minimum Interest Rate for any Interest Period, then in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of subparagraphs (ii), (iii), (iv) or (v) above or (d) below (as appropriate) is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate. If the Final Terms do not specify a Minimum Interest Rate for any Interest Period, then the Rate of Interest for such Interest Period shall not be less than zero.

If the Final Terms specifies a Maximum Interest Rate for any Interest Period, then in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of subparagraphs (ii), (iii), (iv) or (v) above or (d) below (as appropriate) is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate.

(vii) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(viii) Notification of Rate of Interest and Interest Amount

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Guarantor (if applicable), and, if applicable, to the stock exchange on which the relevant Notes are for the time

being listed. In addition, the Principal Paying Agent shall publish or cause to be published such Rate of Interest, Interest Amount and Interest Payment Date in accordance with General Condition 13 as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Rate of Interest, Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Notes are for the time being listed and to the Noteholders in accordance with General Condition 13.

(ix) Certificates to be Final

All certificates, communications, determinations, calculations and decisions made for the purposes of the provisions of this paragraph (b), by the Principal Paying Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor (if applicable), the Principal Paying Agent, the other Paying Agents and all Noteholders, and (in the absence as aforesaid) no liability to the Noteholders shall attach to the Principal Paying Agent, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Interest on Specified Interest Amount Notes

Each Specified Interest Amount Note shall bear interest at an amount per Calculation Amount equal to the Specified Interest Amount as so specified in the Specified Interest Amount provisions of the Final Terms which shall be payable on the relevant Specified Interest Payment Date(s) also specified thereon, adjusted, where applicable for any Business Day Convention. For the avoidance of doubt, different Specified Interest Amounts may be payable in respect of Specified Interest Payment Dates. In respect of Credit Linked Notes only, the Specified Interest shall be multiplied by the Specified Interest Amount Multiplier as so specified in the Specified Interest Amount provisions of the Final Terms. If the Specified Interest Amount Multiplier is specified in the Final Terms as "Not applicable" the Specified Interest Amount Multiplier shall be deemed to be equal to 1.

(d) Zero Coupon Notes

Where a Zero Coupon Note becomes due and repayable prior to the Maturity Date and is not paid when due, the amount due and repayable shall be the amount determined in accordance with General Condition 6(f)(ii) as its Amortised Face Amount. As from the Maturity Date, any overdue principal of such Note shall bear interest at a rate per annum equal to the Accrual Yield specified in the Final Terms. Such interest shall continue to accrue (as well after as before any judgment) until the day on which all sums due in respect of such Note up to that day are received by or on behalf of the holder of such Note. Such interest will be calculated on the basis of a 360 day year consisting of 12 months of 30 days each and in the case of an incomplete month the actual number of days elapsed in such incomplete month or on such other basis as may be specified in the Final Terms.

(e) Interest on Reference Item Linked Interest Notes

In the case of Reference Item Linked Interest Notes, where the Rate of Interest and/or the Interest Amount (whether on any Interest Payment Date, early redemption, maturity or otherwise) is to be determined by reference to one or more Reference Items, the Rate of Interest and/or the Interest Amount shall be determined where applicable as provided in the Payout Annex.

(f) 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.

(g) Interest Payments and Accrual of Interest

Interest will be paid subject to and in accordance with the provisions of General Condition 4. Interest will cease to accrue on each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) on the due date for redemption thereof unless otherwise provided in these General Conditions or any Annex and otherwise unless, upon due presentation thereof, payment of principal or the payment, and/or delivery of the Entitlement as set out in the Final Terms (if applicable), is improperly withheld or refused, in which event interest will continue to accrue (as well after as before any judgment) at the Fixed Rate or, as the case may be, the Rate of Interest at such day count fraction as the Principal Paying Agent determines appropriate or as otherwise provided in the Final Terms until whichever is the earlier of (i) the day on which

all sums due and/or assets comprised in the Entitlement in respect of such Note up to that day are received by or on behalf of the holder of such Note and (ii) the day on which the Principal Paying Agent or any agent appointed by the Issuer to deliver such assets to Noteholders has notified the holder thereof (either in accordance with General Condition 13 or individually) of receipt of all sums due and/or assets comprised in the Entitlement in respect thereof up to that date (subject, in the case of Credit Linked Notes, to the provisions of Credit Linked Condition 5).

(h) Calculation Agent

(i) If a Calculation Agent is specified in the Final Terms, any determination specified in General Conditions 4(b) to (g) (inclusive) as being determinations to be made by the Principal Paying Agent will instead be made by the Calculation Agent as if references to the Principal Paying Agent in such General Conditions (and related provisions of the Agency Agreement) were to the Calculation Agent. The Calculation Agent will notify any amount of interest to the Principal Paying Agent as soon as reasonably practicable following its determination.

(ii) A Calculation Agent must be appointed for the determination of the Rate of Interest where such determination is other than a single determination of the Rate of Interest for each Interest Period that is made in accordance with this General Condition 4 and the related provisions of the Agency Agreement and without the imposition of any additional duties on the Principal Paying Agent.

(i) Definitions

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

"**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 any Additional Business Centre specified in the Final Terms; and

(B) either (i) in relation to any sum payable in a 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 currency (and which, if the currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (ii) in relation to any sum payable in euro, a day (a "**Target Settlement Day**") on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET System**") is open.

"**Business Day Convention**": If any date referred to in these General Conditions which is specified to be subject to adjustment in accordance with a business day convention would otherwise fall on a day which is not a Business Day, then, if the business day convention specified in the Final Terms is:

(A) the "**Floating Rate 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 (i) such date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent such date shall be the last Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred;

(B) the "**Following Business Day Convention**", such date shall be postponed to the next day which is a Business Day;

(C) 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

(D) the "**Preceding Business Day Convention**", such date shall be brought forward to the immediately preceding Business Day.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest for any Interest Period:

(A) if "**Actual/Actual (ICMA)**" is specified in the Final Terms:

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Period End Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the

Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the 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:

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

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

"**Determination Date(s)**" means the date(s) specified in the Final Terms;

"**Determination Period**" means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the 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);

(A) if "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is specified in the 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 (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

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

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

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

(E) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the 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 is 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;

(F) if "**30E/360**" or "**Eurobond Basis**" is specified in the 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_l" 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_l, 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;

(G) if "**30E/360 (ISDA)**" is specified in the 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_l" 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; and

"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.

(A) if "**1/1**" or "**1**" is specified, one.

(B) if "**Not applicable**" is specified then the Day Count Fraction will not be taken into account in any calculation of interest.

5. Payments, Physical Delivery and Exchange of Talons

For the purposes of this General Condition 5, references to payment or repayment (as the case may be) of principal and/or interest and other similar expressions shall, where the context so admits, be deemed also to refer to delivery of any Entitlement(s).

(a) Method of Payment

(i) Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in a global form, at the close of the business day

(being for this purpose a day on which Euroclear, Clearstream, Luxembourg and/or any other relevant Clearing System are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date (the "**Record Date**"). Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the nominal amount of the Notes held by a holder is less than US$250,000 (or integral multiples of US$1,000 in excess thereof) (or its approximate equivalent in any other currency), payment will instead be made by a cheque in the relevant currency of payment drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a currency other than euro) a bank in the principal financial centre of the country of such currency (which, if such currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the currency of payment drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in a global form, at the close of the business day (being for this purpose a day on which Euroclear, Clearstream, Luxembourg and/or any other relevant Clearing System are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the Record Date at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the nominal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this General Condition 5 arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

None of the Issuer, the Guarantor or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a currency other than US dollars shall be paid by transfer by the Registrar to an account in the relevant currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in US dollars in accordance with the provisions of the Agency Agreement.

(ii) Bearer Notes

Payments of principal and interest (if any) in respect of the Definitive Bearer Notes will (subject as provided below) be made against presentation or surrender of such Bearer Notes or Coupons, as the case may be, at any specified office of any Paying Agent. Payments of principal in respect of instalments (if any), other than the last instalment, will (subject as provided below) be made against surrender of the relevant Receipt. Payment of the last instalment will be made against surrender of the relevant Bearer Note. Each Receipt must be presented for payment of such instalment together with

the relevant Definitive Bearer Note against which the amount will be payable in respect of that instalment. If any Definitive Bearer Notes are redeemed or become repayable prior to the Maturity Date in respect thereof, principal will be payable on surrender of each such Note together with all unmatured Receipts appertaining thereto. Unmatured Receipts and Receipts presented without the Definitive Bearer Notes to which they appertain do not constitute obligations of the Issuer. All payments of interest and principal with respect to Bearer Notes will be made only against presentation and surrender of the relevant Bearer Notes, Coupons or Receipts outside the United States (which expression, as used herein, means the United States of America and except as otherwise provided in the third succeeding paragraph. No payment with respect to the Bearer Notes will be made by mail to an address in the United States or by transfer to an account maintained by the holder in the United States.

Subject as provided below and subject also as provided in the Final Terms, payments in respect of definitive Notes (other than Foreign Exchange (FX) Rate Notes) denominated in a currency (other than euro) or, in the case of Foreign Exchange (FX) Rate Notes, payable in a currency (other than euro) will (subject as provided below) be made by a cheque in the currency drawn on, or, at the option of the holder and upon 15 days' prior notice to the Principal Paying Agent, by transfer to an account in the currency maintained by the payee with, a bank in the principal financial centre of the country of such currency. 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 euro-cheque.

(iii) Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will be made in the manner specified above and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside of the United States. A record of each payment made on such Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which such Global Note is presented for the purpose of making such payment, and such record shall be *prima facie* evidence that the payment in question has been made.

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 or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg or DTC, 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. No person other than the holder of the relevant Global Note shall have any claim against the Issuer or the Guarantor in respect of any payments due in respect of such Global Note.

(iv) Payments in United States

Notwithstanding the foregoing, payments in respect of Bearer Notes denominated and payable in US dollars will be made at the specified office of any Paying Agent in the United States if (a) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment at such specified offices outside the United States of the full amount due on the Bearer Notes in the manner provided above when due; (b) payment of the full amount due at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in US dollars; and (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences for the Issuer and the Guarantor.

(v) Book-Entry Notes

Payments in respect of the Book-Entry Notes (in terms of both principal and interest) will be made by transfer to the registered account of the relevant Noteholder maintained by or on behalf of it with a bank that processes payments in the currency in which the payment is due, details of which appear in the records of Iberclear, the relevant Iberclear Member or the Book-Entry Depositary, as the case may

be, at the close of business on the Business Day on which the payment of principal and/or interest, as the case may be, falls due. Noteholders must rely on the procedures of Iberclear, the relevant Iberclear member or the Book-Entry Depositary, as the case may be, to receive payments under the relevant Book-Entry Notes. None of the Issuer, the Guarantor, any Agent or any of the Dealers will have any responsibility or liability for the records relating to payments made in respect of the Book-Entry Notes.

(vi) All payment

The Book-Entry Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, without prejudice to the provisions of General Condition 7 (Taxation). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(vii) Coupons

Fixed Rate Bearer Notes in definitive form should be presented for payment with all unmatured Coupons appertaining thereto (which expression shall include Coupons to be issued on exchange of Talons which will have matured on or before the relevant redemption date), failing which the full amount of any missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of such missing unmatured Coupon which the sum so paid bears to the total amount due) will be deducted from the sum due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon within a period of 10 years from the Relevant Date (as defined in General Condition 7) for the payment of such sum due for payment, whether or not such Coupon has become void pursuant to General Condition 10 or, if later, five years from the due date for payment of such Coupon. Upon any Fixed Rate Bearer Note 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 due date for redemption of any Floating Rate Note, Specified Interest Amount Note, Index Linked Note, Equity Linked Note, Inflation Linked Note, ETF Linked Note, Fund Linked Note, Credit Linked Note, Foreign Exchange (FX) Rate Linked Note or Combination Note in definitive bearer form all unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Floating Rate Note, Specified Interest Amount Note, Index Linked Note, Equity Linked Note, Inflation Linked Note, ETF Linked Note, Fund Linked Note, Credit Linked Note, Foreign Exchange (FX) Rate Linked Note or Combination Note is presented for redemption without all unmatured Coupons appertaining thereto, payment of all amounts due in relation to such Note shall be made only against the provision of such indemnity of the Issuer or the Guarantor (if applicable).

(viii) Payments

If any date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, then the holder thereof shall not be entitled to payment of the amount due until the next following Payment Day and shall not be entitled to any interest or other sum in respect of any such delay.

For these purposes, "**Payment Day**" means any day which (subject to General Condition 10) is 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:

(A) either (i) in relation to any sum payable in a 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 currency (if other than the place of presentation, any Financial Centre and which, if such currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively; or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open;

(B) each city specified as a Financial Centre (each, a "Financial Centre") in the Final Terms; and

(C) in relation to Notes in definitive form, the relevant place of presentation;

On and after the Interest Payment 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 Principal Paying Agent or any other Paying Agent in exchange for a further Coupon

sheet including (if such further Coupon sheet does not include Coupons to, and including, the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of General Condition 11. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

Payments in respect of the Notes will be subject in all cases to (i) any fiscal or other laws, regulations and directives applicable thereto; (ii) any withholding or deduction required pursuant to Section 871(m) of the U.S. Internal Revenue Code of 1986 (the "**Code**"), and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreement thereunder, any official interpretations thereof, or in each case any law implementing an intergovernmental approach thereto (without prejudice to the provisions of General Condition 7 (*Taxation*).

(ix) Payment Disruption Event

If "Payment Disruption Event" is specified as applicable in the Final Terms, where the Calculation Agent determines that a Payment Disruption Event has occurred or is likely to occur:

(A) the next date for payment of any amount due in respect of the Notes will be postponed to the earliest to occur of (i) the date falling 2 Business Days after the date on which the Calculation Agent determines that the Payment Disruption Event is no longer occurring or (ii) the date falling 30 calendar days following the scheduled due date for payment of the relevant amount (the "**Postponed Payment Date**"), which, for the avoidance of doubt, may be later than the Scheduled Maturity Date. No interest shall accrue and no Event of Default will result on account of such postponement; and

(B) (i) in the case of (A)(i) above, the Issuer will pay the relevant amount due in respect of the Notes in the Specified Notes Currency on the Postponed Payment Date, or (ii) in the case of (A)(ii) above, the Issuer shall give notice to the Noteholders in accordance with Condition 13, and (i) convert the relevant amount due in respect of the Notes into U.S. Dollars using the rate of exchange between the Specified Notes Currency and the U.S. Dollar that the Calculation Agent determines 5 Business Days prior to the Postponed Payment Date and taking into consideration all information that it deems relevant. The Issuer will pay such amount in U.S. Dollars less the cost to the Issuer and/or any of its Affiliates (if any) of amending or unwinding any underlying related hedging arrangements in connection with such Payment Disruption Event and/or the related payment, and the Issuer shall have no further obligations whatsoever for the relevant payment under the Notes or (ii) if the Calculation Agent determines that it is not possible to determine the rate of exchange, the Issuer may early redeem all the Notes at an amount in U.S. Dollars determined pursuant to General Condition 6(f).

For the purposes of the above, "**Payment Disruption Event**" means an event which (a) prevents, restricts or delays the Issuer from converting or delivering relevant currencies, (b) imposes capital or exchange controls, (c) implements changes to laws relating to foreign investments or, (d) otherwise prohibits or prevents the Issuer from making a payment or performing an obligation required of it as a result of war, catastrophe, governmental action or other event beyond its control, including the relevant currencies exclusion as full settlement currency in the clearing systems where the Notes settled on the Issue Date.

(b) Physical Delivery

(i) Physical Delivery

(A) Asset Transfer Notices

In relation to Notes to be redeemed by delivery or, in the case of Credit Linked Notes, Delivery (as such term is defined in the Credit Linked Conditions) of the Entitlement(s) (as defined below), in order to obtain delivery or Delivery, as the case may be, of the Entitlement in respect of any Note, the relevant Noteholder must:

(1) If such note is a Book-Entry Note:

I. where the Entitlement is also a security (or securities) included in Iberclear's book-entry register, then the Delivery Agent as specified in the applicable Final Terms (the "**Delivery Agent**") must receive instructions

from each Iberclear participant entity holding Book-Entry Notes on the Cut-off Date. Such instructions shall include complete settlement instructions, incorporating relevant information in respect of the Noteholders holding Book-Entry Notes through each Iberclear participant entity and such instructions shall include (or be accompanied by) certification as to non U.S. beneficial ownership. Each Iberclear participant holding Book-Entry Notes must block such Book-Entry Notes from and including the Cut-off Date; and

II. where the Entitlement comprises an instrument (or instruments) that is not included in Iberclear's book-entry register, each Iberclear participant holding Book-Entry Notes on the Cut-Off Date must send timely and full settlement instructions to the Delivery Agent sufficient to allow the Issuer, or, where applicable, the Delivery Agent acting on the Issuer's behalf, to make delivery or Delivery of the Entitlement in the relevant clearing system (where relevant) or otherwise on the Delivery Date or the Credit Settlement Date (as applicable) in accordance with the provisions of this General Condition 5(b) and such instructions shall include (or be accompanied by) certification as to non U.S. beneficial ownership.

III. For the avoidance of doubt, where the settlement instructions contemplated by this sub-paragraph (1) apply, this replaces the requirement to deliver an Asset Transfer Notice in accordance with the provisions below. All instructions for settlement to be delivered in accordance with this sub-paragraph (1) will be referred to as the "**Iberclear Settlement Instruction**". If such Note is represented by a Global Note, deliver to Euroclear or Clearstream, Luxembourg (as applicable), with a copy to the Principal Paying Agent and any entity appointed by the Issuer to deliver or Deliver, as the case may be, the Entitlement on its behalf (the "**Delivery Agent**") no later than the close of business in each place of reception on the Cut-Off Date, a duly completed asset transfer notice substantially in the form set out in the Agency Agreement (the "**Asset Transfer Notice**"); and

(2) if such Note is represented by a Global Note, deliver to Euroclear or Clearstream, Luxembourg (as applicable), with a copy to the Principal Paying Agent and any entity appointed by the Issuer to deliver or Deliver, as the case may be, the Entitlement on its behalf no later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice; and

(3) if such Note is in definitive form, deliver (i) if such Note is a Bearer Note, to any Paying Agent or (ii) if such Note is a Registered Note, to the Registrar or any Paying Agent, in each case, with a copy to the Principal Paying Agent and the Delivery Agent (as defined above) no later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice.

For the purposes hereof, "**Cut-off Date**" means the date specified as such in the Final Terms or if not so specified (a) in respect of a Note that is not a Credit Linked Note, the fifth Business Day immediately preceding the Delivery Date or (b) in respect of a Credit Linked Note, the third Business Day immediately preceding the Credit Settlement Date.

A form of Asset Transfer Notice may be obtained during normal business hours from the specified office of the Registrar or any Paying Agent.

An Asset Transfer Notice may only be delivered (i) if such Note is represented by a Global Note, in such manner as is acceptable to Euroclear or Clearstream, Luxembourg, as the case may be, or (ii) if such Note is in definitive form, in writing.

If a Note is in definitive form, it must be delivered together with the duly completed Asset Transfer Notice.

The Asset Transfer Notice shall:

(1) specify the name, address and contact telephone number of the relevant Noteholder and the person from whom the Issuer or Delivery Agent may obtain details for the delivery or Delivery of the Entitlement;

(2) specify the series number of the Notes and the number of Notes which are the subject of such notice;

(3) in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject of such notice and the number of the Noteholder's account at the relevant Clearing System to be debited with such Notes and irrevocably instruct and authorise the relevant Clearing System to debit the relevant Noteholder's account with such Notes on or before the Delivery Date or (in the case of Credit Linked Notes) the Credit Settlement Date;

(4) include an undertaking to pay all Expenses (as defined below) and, in the case of Notes represented by a Global Note, an authority to the relevant Clearing System to debit a specified account of the Noteholder with the relevant Clearing System in respect thereof and to pay such Expenses;

(5) include such details as are required for delivery or Delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered or Delivered and specify the name and number of the Noteholder's account to be credited with any cash payable by the Issuer, (including, where applicable, pursuant to Credit Linked Condition 1, in respect of any cash amount constituting the Entitlement) or any dividends relating to the Entitlement or as a result of the occurrence of a Settlement Disruption Event or a Failure to Deliver due to Illiquidity and the Issuer electing to pay the Disruption Cash Redemption Amount or Failure to Deliver Redemption Amount, as applicable, or as a result of the Issuer electing to pay the Alternate Cash Redemption Amount (each as defined below);

(6) certify that the beneficial owner of each Note is not a U.S. person (as defined in the Asset Transfer Notice), the Note is not being redeemed within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof; and

(7) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Agency Agreement.

Copies of such Asset Transfer Notice may be obtained from the Registrar or any Paying Agent.

(B) Determinations and Delivery

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made by the relevant Paying Agent or the Registrar, as the case may be, in each case in consultation with the Principal Paying Agent, and shall be conclusive and binding on the Issuer, the Guarantor (if applicable), the Principal Paying Agent(s), any Delivery Agent and the relevant Noteholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Paying Agent and any Delivery Agent immediately after being delivered or sent as provided in paragraph (A), shall be null and void.

If such Asset Transfer Notice or Iberclear Settlement Instruction is subsequently corrected to the satisfaction of, in the case of Notes represented by a Global Note, the relevant Clearing System, in the case of Notes in definitive form, by the relevant Paying Agent or the Registrar, or in the case of Book-Entry Notes by the Delivery Agent, in each case in consultation with the Principal Paying Agent, it shall be deemed to be a new Asset Transfer Notice or Iberclear Settlement Instruction (as applicable) submitted at the time such correction was delivered as provided above.

The relevant Clearing System, Delivery Agent, Registrar or Paying Agent, as applicable, shall use its reasonable efforts as soon as reasonably practicable to notify the Noteholder submitting an Asset Transfer Notice or, in respect of Book-Entry Notes, the Iberclear participant entity submitting the Iberclear Settlement Instruction, if, in consultation with the Principal Paying Agent, it has determined that such Asset Transfer Notice or Iberclear Settlement Instruction (as applicable) is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Guarantor, the Paying Agents or the relevant Clearing System shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Noteholder.

No Asset Transfer Notice or Iberclear Settlement Instruction may be withdrawn after receipt thereof by the relevant Clearing System, the Registrar, the Delivery Agent or a Paying Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice or an Iberclear Settlement Instruction, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

The Entitlement will be delivered on the date fixed for redemption (such date, subject to adjustment in accordance with this General Condition 5(b), the "**Delivery Date**") or (in the case of Credit Linked Notes) Delivered on the Credit Settlement Date, in each case at the risk of the relevant Noteholder in the manner provided below and provided that, in each case, the Asset Transfer Notice, or in the case of Book-Entry Notes, Iberclear Settlement Instruction, is duly delivered as provided above not later than the close of business in each place of reception on the Cut-Off Date.

If a Noteholder fails to give an Asset Transfer Notice or, in the case of Book-Entry Notes, Iberclear Settlement Instruction, as provided herein with a copy to each relevant party prior to the close of business in each place of reception on the Cut-Off Date, then the Entitlement will be delivered or, as the case may be, Delivered as soon as practicable after the Delivery Date or the Credit Settlement Date, as the case may be, at the risk of such Noteholder in the manner set out below, provided that, if in respect of a Note, an Asset Transfer Notice or Iberclear Settlement Instruction (as applicable) is not delivered to the relevant Clearing System and/or each other relevant party, as the case may be, with a copy to the Issuer, prior to the close of business in each place of reception on the 90th calendar day following the Cut-off Date then (a) if "Assessed Value Payment Amount" is specified as applicable in the Final Terms, the Issuer shall as soon as reasonably practicable following such date determine the Assessed Value Payment Amount (as defined below) and in respect of such Note shall pay the Assessed Value Payment Amount to the relevant Noteholder in lieu of delivery of the Entitlement as soon as reasonably practicable following determination of the Assessed Value Payment Amount, or (b) if "Assessed Value Payment Amount" is specified as ‘not applicable’ in the Final Terms, the Issuer's obligations in respect of such Note and the Guarantor's obligations pursuant to the Guarantee in respect of such Note shall be discharged and no further liability in respect thereof shall attach to the Issuer or the Guarantor, as applicable. Upon payment of the Assessed Value Payment Amount, if applicable, the Issuer's and the Guarantor's obligations in respect of such Note shall be discharged. For the avoidance of doubt, in the circumstances described above, such Noteholder shall not be entitled to any payment, whether of interest or otherwise, as a result of a failure to give an Asset Transfer Notice in relation to a Delivery Date or the Credit Settlement Date, as applicable and no liability in respect thereof shall attach to the Issuer or the Guarantor as applicable.

The Issuer (or any Delivery Agent on its behalf) shall, at the risk of the relevant Noteholder, deliver (or procure the delivery) or Deliver (or procure the Delivery) of the Entitlement for each Note, in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice or Iberclear Settlement Instruction (as applicable) or in such manner as is specified in the applicable Final Terms. All costs, taxes, duties and/or expenses including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes ("**Expenses**") arising from the delivery or Delivery, as the case may be, of the Entitlement, in respect of such Notes shall be for the account of the relevant Noteholder and no delivery or Delivery of

the Entitlement shall be made until all Expenses have been paid by the relevant Noteholder to the satisfaction of the Issuer.

(C) General

Notes held by the same Noteholder may be aggregated for the purpose of determining the aggregate Entitlements in respect of such Notes, provided that, the aggregate Entitlements in respect of the same Noteholder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and in lieu thereof a cash adjustment calculated by the Calculation Agent in its sole and absolute discretion shall be paid to the Noteholder.

Following the Delivery Date or Credit Settlement Date in respect of a share forming part of the Entitlement, all dividends on the relevant shares to be delivered will be payable to the relevant party according to market practice assuming a sale of the shares has been executed on the Delivery Date or Credit Settlement Date. Any such dividends to be paid to a Noteholder will be paid to the account specified by the Noteholder in the relevant Asset Transfer Notice as referred to in General Condition 5(b)(i)(A).

For such period of time after delivery or Delivery of the Entitlement until the Delivery Date or the Credit Settlement Date (the "**Intervening Period**"), none of the Issuer, the Guarantor (if applicable), the Paying Agents, the Registrar, any Delivery Agent or any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities, obligations or Deliverable Obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities, obligations or Deliverable Obligations or (iii) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities, obligations or Deliverable Obligations.

(D) Settlement Disruption

The provisions of this General Condition 5(b)(i)(D) apply to Notes other than Credit Linked Notes.

If, in the opinion of the Calculation Agent, delivery of the Entitlement in such commercially reasonable manner as the Calculation Agent has determined is not practicable by reason of a Settlement Disruption Event other than a Relevant Asset Redemption Event (each as defined below) having occurred and continuing on the Delivery Date, then the Delivery Date shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event, provided that, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by delivering the Entitlement using such other commercially reasonable manner as it may select and in such event the Delivery Date shall be such day as the Issuer deems appropriate in connection with delivery of the Entitlement in such other commercially reasonable manner. Following the occurrence of a Relevant Asset Redemption Event, the Entitlement Amount shall be deemed to be a cash amount equal to the proceeds of redemption of the Entitlement specified in the Final Terms less (where 'Unwind Costs' are specified as being applicable in the Final Terms), an amount equal to all Unwind Costs (as defined below), as determined by the Calculation Agent and notified to the Noteholders in accordance with General Condition 13. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Entitlement, the Delivery Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Delivery Date.

For so long as delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event other than a Relevant Asset Redemption Event, then in lieu of physical settlement and notwithstanding any other provision hereof the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Disruption Cash Redemption Amount (as defined below) on the fifth

Business Day following the date that notice of such election is given to the Noteholders in accordance with General Condition 13. Payment of the Disruption Cash Redemption Amount will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 13. The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 that a Settlement Disruption Event has occurred.

No Noteholder shall be entitled to any payment in respect of the relevant Note in the event of any delay in the delivery of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

For the purposes hereof:

"**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;

"**Disruption Cash Redemption Amount**" means, in respect of any relevant Note, the fair market value of such Note (taking into account, where the Settlement Disruption Event affected some but not all of the Relevant Assets comprising the Entitlement and such non affected Relevant Assets have been duly delivered as provided above, the value of such Relevant Assets) less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion;

"**Hedging Arrangements**" means any transaction(s), asset(s) or trading position(s) the Issuer and/or any of its Affiliates or agents may enter into or hold from time to time (including, if applicable, on a portfolio basis) to hedge directly or indirectly and whether in whole or in part the credit or other price risk of the Issuer issuing and performing its obligations with respect to the Notes.

"**Relevant Asset Redemption Event**" means, in respect of a Relevant Asset which is specified in the Final Terms to be a debt obligation in the form of a bond, that the Relevant Asset has been redeemed for any reason, on or prior to the Maturity Date of the Notes;

"**Settlement Business Day**" has the meaning specified in the Final Terms;

"**Settlement Disruption Event**" means, in the opinion of the Calculation Agent, an event beyond the control of the Issuer or the Guarantor, as the case may be, as a result of which the Issuer or the Guarantor, as the case may be, cannot make delivery of the Relevant Asset(s) using the method specified in the Conditions and/or the Final Terms; and

"**Unwind Costs**" means the amount specified in the Final Terms (if any) or if "Standard Unwind Costs" are specified in the Final Terms, an amount determined by the Calculation Agent equal to the aggregate sum of (without duplication) all costs (including loss of funding), fees, charges, expenses, tax and duties incurred by the Issuer and/or any of its Affiliates in connection with the redemption of the Relevant Assets and the Notes and the related termination, settlement or re-establishment of any Hedging Arrangements.

(E) Failure to Deliver due to Illiquidity

The provisions of this General Condition 5(b)(i)(E) apply to the Notes other than Credit Linked Notes.

If "Failure to Deliver due to Illiquidity" is specified as applying in the Final Terms and, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets (the "**Affected Relevant Assets**") comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a "**Failure to Deliver due to Illiquidity**"), then:

(1) subject as provided elsewhere in the Conditions, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated date of redemption in accordance with this General Condition 5(b); and

(2) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Failure to Deliver Redemption Amount (as defined below) on the fifth Business Day following the date that notice of such election is given to the Noteholders in accordance with General Condition 13. Payment of the Failure to Deliver Redemption Amount will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 13. The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 that the provisions of this General Condition 6(b)(i)(E) apply.

For the purposes hereof, "**Failure to Deliver Redemption Amount**" means, in respect of any relevant Note, the fair market value of such Note (taking into account, the Relevant Assets comprising the Entitlement which have been duly delivered as provided above, the value of such Relevant Assets), less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion.

(ii) Variation of Settlement

If the Final Terms indicate that the Issuer has an option to vary settlement in respect of the Notes, the Issuer may at its sole and unfettered discretion in respect of each such Note, elect not to pay the relevant Noteholders the Final Redemption Amount or to deliver or procure delivery of the Entitlement to the relevant Noteholders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Final Redemption Amount on the Maturity Date to the relevant Noteholders, as the case may be. Notification of such election will be given to Noteholders in accordance with General Condition 13 and the provisions of Condition 5(b) (*Physical Delivery*) shall apply accordingly. Where so specified in the Final Terms, the Issuer shall give not less than the minimum period of notice and/or not more than the maximum period of notice.

(iii) Issuer's Option to Substitute Assets or to pay the Alternate Cash Redemption Amount

Notwithstanding any provision of these General Conditions to the contrary, the Issuer may, in its sole and absolute discretion in respect of Notes to which this General Condition 5(b) applies, if the Calculation Agent determines (in its sole and absolute discretion) that the Relevant Asset or Relevant Assets, as the case may be, comprises assets which are not freely tradable, elect either (i) to substitute for the Relevant Asset or the Relevant Assets, as the case may be, an equivalent value (as determined by the Calculation Agent in its sole and absolute discretion) of such other assets which the Calculation Agent determines, in its sole and absolute discretion, are freely tradable (the "**Substitute Asset**" or the "**Substitute Assets**", as the case may be) or (ii) not to deliver or procure the delivery of the Entitlement or the Substitute Asset or Substitute Assets, to the relevant Noteholders, but in lieu thereof to make payment to the relevant Noteholder on the Delivery Date of an amount equal to the fair market value of the Entitlement on or about the time of so electing as determined by the Calculation Agent in its sole and absolute discretion by reference to such sources as it considers appropriate (the "**Alternate Cash Redemption Amount**"). Notification of any such election will be given to Noteholders in accordance with General Condition 13 and in the event that the Issuer elects to pay the Alternate Cash Redemption Amount such notice shall give details of the manner in which such amount shall be paid.

For purposes hereof, a "**freely tradable**" security shall mean (i) with respect to the United States, a security which is registered under the Securities Act or not restricted under the Securities Act and which is not purchased from the issuer of such security and not purchased from an affiliate of the issuer of such security or which otherwise meets the requirements of a freely tradable security for purposes of the Securities Act, in each case, as determined by the Calculation Agent in its sole and absolute discretion or (ii) with respect to any other jurisdiction, a security not subject to any legal restrictions on transfer in such jurisdiction.

(iv) Rights of Noteholders and Calculations

None of the Issuer, the Guarantor (if applicable), the Calculation Agent, any Delivery Agent and the Agents shall have any responsibility for any errors or omissions in any calculation or determination in respect of the Notes.

The purchase of Notes does not confer on any holder of such Notes any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

(v) For the purposes of the General Conditions:

"**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; and

"**Assessed Value Payment Amount**" means, in respect of a Note, an amount determined by the Calculation Agent to be the fair market value of the assets comprised in the Entitlement in respect of such Note less the cost to the Issuer and/or its Affiliates of unwinding any underlying relating hedging arrangements, all as determined by the Issuer.

6. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, each Note (other than a Credit Linked Note) will be redeemed by the Issuer at its relevant Final Redemption Amount in the Specified Notes Currency on the Maturity Date specified in the Final Terms or, if (i) Physical Settlement is specified as applicable in the Final Terms (each such Note a "**Physical Delivery Note**") or (ii) Variation Settlement is specified as applicable in the Final Terms and the Issuer exercises such option, by delivery of the Entitlement (as provided in General Condition 5(b) above) on the Delivery Date. Notes may not be redeemed other than in accordance with these General Conditions and any applicable Annex.

The "**Final Redemption Amount**" shall be an amount in respect of each Calculation Amount, equal to the Calculation Amount multiplied by: (i) the percentage, or (ii) the Final Payout specified in the Final Terms. For the avoidance of doubt, if the Final Payout is zero or negative, no amount shall be payable on the final redemption of the Note.

The "**Entitlement**", in respect of each Calculation Amount, shall be a quantity of the Relevant Asset(s) (and any cash amount to be delivered as a result of rounding down) specified in the Final Terms equal to the Entitlement Amount specified in the Final Terms or, in the case of Credit Linked Notes, the Deliverable Obligations to be delivered pursuant to the Credit Linked Conditions. If the Relevant Asset is specified in the Final Terms to be a debt obligation in the form of a bond (a "**Bond Asset**"), the Entitlement in respect of each Calculation Amount, shall be a nominal amount of such Bond Asset (and any cash amount to be delivered as a result of rounding down) specified in the Final Terms having a face value equal to the Entitlement Amount specified in the Final Terms. In respect of any Bond Asset (i) the Calculation Agent shall make such adjustments as it, in its sole and absolute discretion determines to be necessary, to the Entitlement to be so delivered, in order to take account of any redenomination, subdivision, consolidation, reclassification or any event having a dilutive or concentrative effect on the value of the Bond Asset; or (ii) if such Bond Asset is converted into or exchanged for other securities in accordance with the terms of any voluntary or involuntary exchange or restructuring programme, the Entitlement shall be a nominal amount of the such converted securities or securities for which the Bond Asset has been exchanged, having a face value equal to the Entitlement Amount. If the Calculation Agent determines in its sole and absolute discretion that such securities are not freely tradable, the provisions of General Condition 5(b)(iii)(*Issuer's Option to Substitute Assets or to pay the Alternate Cash Redemption Amount*) shall apply.

"**Relevant Asset(s)**" means the relevant asset(s) so specified in the Final Terms.

(b) Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if the Note is not a Floating Rate Note) or on any Interest Payment Date (if the Note is a Floating Rate Note), on giving not less than 30 or more than 60 days' notice to the Principal Paying Agent and, in accordance with General Condition 13, the Noteholders (which notice shall be irrevocable), if:

(i) (A) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged under Spanish law to pay additional amounts as provided or referred to in General Condition 7 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 (as defined in General Condition 7); or (B) there is any change after the Issue Date of the Notes in the application or binding official interpretation of the Spanish laws or regulations as a result of which withholding tax is

applicable to the Notes, which change or amendment becomes effective on or after the issue date of the Notes; and

(ii) in the case of (i)(A) above, such obligation to pay additional amounts 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 General Condition, the Issuer or, as the case may be, the Guarantor shall deliver to the Principal Paying Agent a certificate signed by two Directors of the Issuer (or if at the time that such certification is to be given the Issuer has only one Director, such certificate may be signed by such Director) or, as the case may be, by a duly authorised signatory 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, 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.

Each Note redeemed pursuant to this General Condition 6(b) will be redeemed at its Early Redemption Amount referred to in paragraph (f) below and no further interest will be payable since the immediately preceding Interest Payment Date or, if none, the Issue Date.

(c) Redemption for Illegality or for the occurrence of an Administrator/Benchmark Event

(i) Subject to General Condition 6(c)(ii) below, in the event that the Issuer determines in good faith that (A) the performance of its obligations under the Notes or that any arrangements made to hedge its obligations under the Notes (B) 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, or (C) an Administrator/Benchmark Event has occurred, the Issuer having given not less than 10 nor more than 30 days' notice to the Noteholders in accordance with General Condition 13 (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 its Early Redemption Amount referred to in paragraph (f) below and no further interest will be payable since the immediately preceding Interest Payment Date or, if none, the Issue Date.

(ii) Notwithstanding General Condition 6(c)(i) above, in the event that the Calculation Agent determines that an Administrator/Benchmark Event has occurred, the Calculation Agent, shall give notice to the Issuer, the Trustee and the Noteholders as soon as reasonably practicable of the occurrence of such Administrator/Benchmark Event. The Calculation Agent shall then use reasonable endeavours to determine what amendments (if any) may be made to the terms and conditions of the Notes that would result in such Administrator/Benchmark Event ceasing to apply within 20 calendar days of the Issuer receiving notice of the occurrence of such Administrator/Benchmark Event. In the event that the Calculation Agent proposes amendments to the terms and conditions of the Notes in accordance with this General Condition 6(c)(ii), the Issuer shall make such amendments to the terms and conditions of the Notes and there shall be no redemption of the Notes. In the event that the Calculation Agent determines, within 20 calendar days of the Issuer receiving notice of an Administrator/Benchmark Event, that no amendments may be made to the terms and conditions of the Notes, (A) the Calculation Agent shall notify the Issuer of the same and (B) upon, the Issuer having given not less than 10 nor more than 30 days' notice to the Noteholders in accordance with General Condition 13 (which notice shall be irrevocable), the Notes shall be redeemed in accordance with Condition 6(c)(i).

For the purposes of this General Condition 6(c):

"**Administrator/Benchmark Event**" means, in relation to any Benchmark, the occurrence of a Benchmark Modification or Cessation Event, a Non-Approval Event, a Rejection Event or a Suspension/Withdrawal Event.

"**Benchmark**" means any figure which is a benchmark as defined in BMR and where any amount payable under the Notes, or the value of the Notes, is determined by reference to such figure, all as determined by the Calculation Agent.

"**Benchmark Modification or Cessation Event**" means, in respect of the Benchmark,:

(i) any material change in such Benchmark; or

(ii) the permanent cancellation or cessation in the provision of such Benchmark.

"**BMR**" means the EU Benchmark Regulation (Regulation (EU) 2016/1011).

"**Non-Approval Event**" means, in respect of the Benchmark:

(i) any authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the Benchmark or the administrator of the Benchmark is not obtained or will not be obtained;

(ii) the Benchmark or the administrator of the Benchmark is not or will not be included in an official register; or

(iii) the Benchmark or the administrator of the Benchmark does not or will not fulfil any legal or regulatory requirement applicable to the Issuer, the Calculation Agent or the Benchmark,

in each case, as required under any applicable law or regulation in order for any of the Issuer, the Calculation Agent or any other entity to perform its obligations in respect of the Notes. For the avoidance of doubt, a Non-Approval Event shall not occur if the Benchmark or the administrator of the Benchmark is not included in an official register because its authorisation, registration, recognition, endorsement, equivalence or approval is suspended if, at the time of such suspension, the continued provision and use of the Benchmark is permitted in respect of the Notes under the applicable law or regulation during the period of such suspension.

"**Rejection Event**" means, in respect of the Benchmark, the relevant competent authority or other relevant official body rejects or refuses, or will reject or refuse any application for authorisation, registration, recognition, endorsement, equivalence, approval or inclusion in any official register which, in each case, is required in relation to the Benchmark or the administrator of the Benchmark under any applicable law or regulation for any of the Issuer, the Calculation Agent or any other entity to perform its obligations in respect of the Notes.

"**Suspension/Withdrawal Event**" means, in respect of the Benchmark:

(i) the relevant competent authority or other relevant official body suspends or withdraws, or will suspend or withdraw any authorisation, registration, recognition, endorsement, equivalence decision or approval in relation to the Benchmark or the administrator of the Benchmark which is required under any applicable law or regulation in order for any of the Issuer, the Calculation Agent or any other entity to perform its obligations in respect of the Notes; or

(ii) the Benchmark or the administrator of the Benchmark is or will be removed from any official register where inclusion in such register is required under any applicable law in order for any of the Issuer, the Calculation Agent or any other entity to perform its obligations in respect of the Notes.

For the avoidance of doubt, a Suspension/Withdrawal Event shall not occur if such authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or where inclusion in any official register is withdrawn if, at the time of such suspension or withdrawal, the continued provision and use of the Benchmark is permitted in respect of the Notes under the applicable law or regulation during the period of such suspension or withdrawal.

(d) Redemption at the Option of the Issuer (Issuer Call)

If "**Issuer Call Option**" is specified as being applicable in the Final Terms, the Issuer may, having given:

(i) not less than 5 days' (or such other notice period specified in the Final Terms) notice to the Noteholders in accordance with General Condition 13; and

(ii) not less than 4 days before the giving of the notice referred to in (i), notice to the Principal Paying Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and each at the Optional Redemption Amount(s) specified in, or determined on the Optional Redemption Valuation Date in the manner specified in, the Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any partial redemption must be of a nominal amount equal to the Minimum Redemption Amount or, if applicable, a Higher Redemption Amount as specified in the Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a

pool factor or a reduction in nominal amount, at their discretion) and/or DTC, in the case of Redeemed Notes represented by a Global Note or in the case of Redeemed Notes that are represented by Book-Entry Notes, the rules of Iberclear or the Book-Entry Depository (as the case may be), not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with General Condition 13 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the Aggregate Nominal Amount of the Notes outstanding, in each case on the Selection Date, provided that the aggregate nominal amount of Redeemed Notes represented by definitive Notes shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (d) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with General Condition 13 at least five days prior to the Selection Date.

(e) Redemption at the Option of the Noteholders (Noteholder Put)

If "**Noteholder Put Option**" is specified as being applicable in the Final Terms, upon the holder of any Note giving to the Issuer in accordance with General Condition 13 not less than 15 or more than 30 days' notice (or such other minimum and/or maximum notice period specified in the Final Terms) (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem in whole but not in part, subject to and in accordance with the terms specified in the Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or determined on the Optional Redemption Valuation Date specified in the Final Terms, together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of the Notes its holder must, if the Notes are in definitive form and held outside Euroclear and Clearstream, Luxembourg and/or DTC, deliver at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, 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 or, as the case may be, the Registrar (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this General Condition 6(e) and, in the case of Registered Notes, the nominal amount thereof to be redeemed. If a Note is in definitive bearer form, the Put Notice must be accompanied by the Note or evidence satisfactory to the Paying Agent concerned that the Note will, following delivery of the Put Notice, be held to its order or under its control. If a Note is represented by a global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg and/or DTC, to exercise the right to require redemption of the Note the holder of the Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg and/or DTC (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg and/or DTC or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg and/or DTC from time to time, and, if a Note is a Bearer Note represented by a global Note, at the same time present or procure the presentation of the relevant global Note to the Principal Paying Agent for notation accordingly. If the Note is represented by a Book-Entry Note held through Iberclear, to exercise the right to require redemption of such Note the holder of such Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Iberclear (which may include notice being given on his instruction by Iberclear, or any Iberclear member to the Principal Paying Agent by electronic means) in a form acceptable to Iberclear from time to time. In the case of a Book-Entry Note held through a Book-Entry Depositary, to exercise the right to require redemption of the Note, the holder of the Note must within the notice period, give notice to the Principal Paying Agent and the Spanish Paying Agent in accordance with the procedures agreed with such Book-Entry Depositary.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear, and/or Clearstream Luxembourg and/or DTC given by a holder of any Note pursuant to this General Condition 6(e) shall be irrevocable except where prior to the due date of redemption an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice

given pursuant to this General Condition 6(e) and instead to declare such Note forthwith due and payable pursuant to General Condition 9.

(f) Early Redemption

For the purposes of paragraph (c), General Condition 9 and any circumstances where the Notes are to be redeemed prior to their Maturity Date at their Early Redemption Amount (as defined below), each Note will be redeemed at an amount (the "**Early Redemption Amount**") calculated as follows, unless specified otherwise in the Final Terms, and no further interest will be payable since the immediately preceding Interest Payment Date or, if none, the Issue Date:

(i) in the case of any Note, other than a Zero Coupon Note to which paragraph (ii) below applies, at an amount determined by the Calculation Agent on the second Business Day immediately preceding the due date for the early redemption of the Notes, representing such Note's *pro rata* share of (a) the fair market value of such Notes taking into account all factors which the Calculation Agent determines relevant (including, if applicable, any interest provision of the Note and the event which resulted in such redemption) less (b) all costs incurred by the Issuer, the Guarantor or any of its Affiliates in connection with such early redemption, including, without limitation, any costs associated with unwinding any underlying related hedging arrangements, and all other expenses related thereto, as determined by the Calculation Agent in good faith and in a commercially reasonable manner; or

(ii) in the case of a Zero Coupon Note the Early Redemption Amount of which is not linked to an index, a formula or other Reference Item at an amount (the "**Amortised Face Amount**") equal to the sum of:

(A) the Reference Price specified in the Final Terms; and

(B) the product of the Accrual Yield specified in the Final Terms (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period of less than a full year, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed in such incomplete month.

For the purposes of (i)(a) above where the relevant Notes provide for any minimum amount(s) of cash or assets to be payable or deliverable this shall be taken into account in determining the fair market value. However, the Calculation Agent shall reduce (i.e. discount) the value of such amounts in determining the fair market value to take into account the length of time remaining to the first possible date on which such amount(s) would otherwise have been payable or deliverable. Such discounting may be determined by reference to such information as the Calculation Agent may select which may include risk free rate(s).

The Calculation Agent shall also take into account appropriate values for any other amount which would or could otherwise have been payable or deliverable under the relevant Notes. This may include the element of the return on the Notes determined by reference to the relevant assets or reference basis(es) to which the Notes relate (i.e. a derivative element). The relevant value for this element of the Notes may be determined by reference to the cost at the relevant time of entering into a transaction to provide similar amounts.

(g) Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Notes (provided that, in the case of Definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Notes purchased as aforesaid may, at the option of the Issuer, the Guarantor or their respective subsidiaries, as the case may be, be held, reissued, resold or surrendered to any Paying Agent and/or the Registrar for cancellation except that all Notes in definitive form purchased by the Issuer must be surrendered for cancellation.

(h) 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 any Notes purchased and cancelled pursuant to paragraph (g) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(i) Instalments

Unless previously redeemed or purchased and cancelled on or prior to an Instalment Date, Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the Final Terms. In the case of Notes in definitive form, all instalments (other than the final instalment) will be paid by surrender of, in the case of a Definitive Bearer Note, the relevant Receipt (which must be presented with the Note to which it appertains) and, in the case of a definitive Registered Note, the relevant Note and issue of a new Note in the nominal amount remaining outstanding, all as more fully described in General Condition 5. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (f) above.

Where the Notes are Credit Linked Notes in respect of which Instalment Amounts are payable and the Final Terms specify that the Credit Linked Conditions shall not apply to the Instalment Amounts, such Instalment Amounts shall be paid in full on each Instalment Date specified in the Final Terms notwithstanding the occurrence of any Credit Event Determination Date.

(j) 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 paragraph (b), (d) or (e) above 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 paragraph (f)(ii) of this General Condition 6 above as though the references therein to the date fixed for redemption or the date upon which the Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

(i) the date on which all amounts due in respect of the Zero Coupon Note have been paid; and

(ii) the date on which the full amount of the moneys payable has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with General Condition 13.

(k) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise in accordance with the provisions of this General Condition 6.

7. Taxation

All payments of principal and interest in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer or the Guarantor will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Kingdom of Spain ("**Spain**") or any political subdivision or authority thereof or therein having the power to tax unless such withholding or deduction is required by law. In such event, the Issuer or the Guarantor, as applicable (or, as the case may be, the relevant Paying Agent) will account to the relevant authorities for the amount required to be withheld or deducted and will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(i) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with Spain other than the mere holding of such Note, Receipt or Coupon; or

(ii) 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 an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in General Condition 5(a)); or

(iii) to, or to a third party on behalf of, a holder if such taxes or duties may be avoided by complying with any relevant requirement of Spanish law or by making a declaration of non-residence or other similar claim for exemption to any authority of or in Spain, unless such holder proved that he is not entitled so to comply or to make such declaration or claim.

In these General Conditions, 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 Principal Paying Agent or the Registrar, as the case may be, 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 General Condition 13.

8. Redenomination

(a) Redenomination

Where redenomination is specified in the Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Principal Paying Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with General Condition 13, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

(i) the Notes and the Receipts shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a nominal amount for each Note and Receipt equal to the nominal amount of that Note or Receipt in the Specified Notes Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Principal Paying Agent, that the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;

(ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant Noteholder and the amount of such payment shall be rounded down to the nearest euro 0.01;

(iii) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations agreed at the time by the Issuer and the Principal Paying Agent;

(iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Notes Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the "**Exchange Notice**") that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Notes Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

(v) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Notes Currency were to euro. Payments will be made in euro 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;

(vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on a Fixed Interest Date, it will be calculated by applying the Rate of Interest to each Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit (defined above) of the relevant Specified Notes Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention;

(vii) if the Notes are Floating Rate Notes, the Final Terms will specify any relevant changes to the provisions relating to interest; and

(viii) such other changes shall be made to these General Conditions as the Issuer may decide, after consultation with the Principal Paying Agent, and as may be specified in the notice, to conform them to conventions then applicable to instruments denominated in euro.

(b) Definitions

In these General Conditions, the following expressions have the following meanings:

"**Established Rate**" means the rate for the conversion of the Specified Notes Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 1091(4) of the Treaty;

"**euro**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

"**Redenomination Date**" means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which falls on or after the date on which the country of the Specified Notes Currency first participates in the third stage of European economic and monetary union; and

"**Treaty**" means the Treaty establishing the European Community, as amended by the Treaty on European Union as amended by the Treaty of Amsterdam.

9. Events of Default

If any of the following events (each an "**Event of Default**") shall have occurred and be continuing::

(i) a default is made for more than 14 days in the payment of any principal (including any Instalment Amount(s)) due in respect of any of the Notes or 30 days or more in the payment of any interest or other amount due in respect of any of the Notes; or

(ii) a default is made in the performance by the Issuer or the Guarantor of any other obligation under the provisions of the Notes or under the provisions of the Guarantee relating to the Notes and such default continues for more than 60 days following service by a Noteholder on the Issuer and the Guarantor of a notice requiring the same to be remedied; or

(iii) an order of any competent court or administrative agency is made or any resolution is passed by the Issuer for the winding-up or dissolution of the Issuer (other than for the purpose of an amalgamation, merger or reconstruction (i) which has been approved by an Extraordinary Resolution or (ii) where all of the assets of the Issuer are transferred to, and all of its debts and liabilities are assumed by, a continuing entity); or

(iv) an order is made by any competent court commencing insolvency proceedings (*procedimientos concursales*) against the Guarantor or an order is made or a resolution is passed for the dissolution or winding up of the Guarantor (except in any such case for the purpose of a reconstruction or a merger or amalgamation (i) which has been approved by an Extraordinary Resolution or (ii) where the entity resulting from any such reconstruction or merger or amalgamation is a Financial Institution (*Entidad de Crédito* according to article 1 of Law 10/2014 of 26 June, on Organisation, Supervision and Solvency of Credit Entities) and will have a rating for long-term senior debt assigned by Standard & Poor's Rating Services, Moody's Investors Services or Fitch Ratings Ltd equivalent to or higher than the rating for long-term senior debt of the Guarantor immediately prior to such reconstruction or merger or amalgamation); or

(v) the Issuer or the Guarantor is adjudicated or found bankrupt or insolvent by any competent court, or any order of any competent court or administrative agency is made for, or any resolution is passed by Issuer or the Guarantor to apply for, judicial composition proceedings with its creditors or for the appointment of a receiver or trustee or other similar official in insolvency proceedings in relation to the Issuer or the Guarantor or substantially all of the assets of either of them (unless in the case of an order for a temporary appointment, such appointment is discharged within 60 days); or

(vi) the Issuer (except for the purpose of an amalgamation, merger or reconstruction approved by an Extraordinary Resolution) or the Guarantor (except for the purpose of an amalgamation, merger or reconstruction (i) which has been approved by an Extraordinary Resolution or (ii) where the entity resulting from any such reconstruction or merger or amalgamation will have a rating for long-term senior debt assigned by Standard & Poor's Rating Services or Moody's Investor Services equivalent to

or higher than the rating for long-term senior debt of the Guarantor immediately prior to such reconstruction or merger or amalgamation) ceases or threatens to cease to carry on the whole or substantially the whole of its business; or

(vii) an application is made for the appointment of an administrative or other receiver, manager, administrator or similar official in relation to the Issuer or the Guarantor or in relation to the whole or substantially the whole of the undertaking or assets of the Issuer or the Guarantor and is not discharged within 60 days; or

(viii) the Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect.

then the holder of any Note may declare such Note by written notice to the Issuer at the specified office of the Principal Paying Agent or the Registrar, as the case may be, effective upon the date of receipt thereof by the Principal Paying Agent or the Registrar, as the case may be, (in the case of paragraph (iii) and, in relation to the Issuer only, (iv), (v), (vi) and (vii) above, only if then permitted by applicable Spanish Law) to be forthwith due and payable, whereupon the same shall become immediately due and payable at its Early Redemption Amount (as described in General Condition 6(f)), together with accrued interest (if any) to the date of repayment.

For the purpose of General Conditions 9(v), (vi) and (vii) a report by the auditors for the time being of the Issuer or the Guarantor, as the case may be, as to whether any part of the undertaking, business or assets of the Issuer or the Guarantor is "substantial" shall, in the absence of manifest error, be conclusive.

Noteholders may not be able to exercise their rights on an event of default in the event of the adoption of any resolution measure under Law 11/2015.

The Spanish Insolvency Law provides: (i) that any claim not included in the company's accounts or otherwise reported to the insolvency administrators within one month from the last official publication of the court order declaring the insolvency may become subordinated, (ii) that provisions in certain contracts granting one party the right to terminate on the other's insolvency are not enforceable and (iii) for the further accrual of interest to be suspended from the date of declaration of insolvency (subject to certain exceptions).

10. Prescription

Claims for payment of principal in respect of the Notes shall be prescribed upon the expiry of 10 years from the due date thereof and claims for payment of interest (if any) in respect of the Notes shall be prescribed upon the expiry of five years, from the due date thereof. 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 General Condition 10 or General Condition 5 above.

11. Replacement of Notes, Receipts, Coupons and Talons

If any Note (including any Global Note), Receipt, Coupon or Talon is mutilated, defaced, stolen, destroyed or lost, it may be replaced at the specified office of the Principal Paying Agent or the Registrar, as the case may be, upon payment by the claimant of the costs incurred in connection therewith and on such terms as to evidence and indemnity, as the Issuer and the Principal Paying Agent or the Registrar may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued. Cancellation and replacement of Notes, Receipts, Coupons or Talons shall be subject to compliance with such procedures as may be required under any applicable law and subject to any applicable stock exchange requirements.

12. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

13. Notices

All notices regarding the Bearer Notes will be deemed to be validly given if published in one leading English language daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or any other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first

publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding Book-Entry Notes may be given by delivery to the Noteholders by registered mail to the addresses appearing in the relevant registries maintained by Iberclear or, as the case may be, the relevant Iberclear Member or by any other means which comply with Spanish law and the rules applicable to the giving of notices to investors and, if the Book-Entry Notes are listed on the AIAF Fixed Income Securities Market ("**AIAF**"), the rules of AIAF.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or admitted to trading by another relevant authority, such notice will be published in a manner which complies with the rules of that stock exchange or relevant authority.

Until such time as any definitive Notes are issued, notice may be given (so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC (instead of by way of publication in a newspaper or mailing)) by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes, except that for so long as any Notes are listed on a stock exchange or admitted to listing by another relevant authority, such notice will be also published in a manner which complies with the rules of that stock exchange or relevant authority by the Issuer. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, may approve for this purpose.

14. Meetings of Noteholders, Modification and Waiver

The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the Notes, the Receipts, the Coupons or any provisions of the Agency Agreement. Such a meeting may and, if required in writing by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding, shall be convened by the Issuer. At a meeting of the holders of the Notes for the purpose of, amongst others, approving a modification or amendment to, or obtaining a waiver of any covenant or condition set forth in the Notes, the Receipts, the Coupons or the Agency Agreement, persons entitled to vote a majority in aggregate nominal amount of the Notes at the time outstanding shall constitute a quorum. In the absence of a quorum at any such meeting that is not a meeting convened upon the requisition of Noteholders, within 30 minutes of the time appointed for such meeting, the meeting may be adjourned for a period of not less than 14 days, in the absence of a quorum any meeting that is convened on the requisition of Noteholders shall be dissolved; the persons entitled to vote a majority in aggregate nominal amount of the Notes at the time outstanding shall constitute a quorum for the taking of any action set forth in the notice of the original meeting. At a meeting or an adjourned meeting duly convened and at which a quorum is present as aforesaid, any Extraordinary Resolution to, amongst others, modify or amend any of the Notes, the Receipts, the Coupons or any provisions of the Agency Agreement (other than those items specified in General Conditions 14(i) and (ii)), or to waive compliance with, any of the terms and conditions of the Notes shall be effectively passed if passed by a majority consisting of at least 75 per cent. of the votes cast.

The Principal Paying Agent, the Issuer and the Guarantor may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

(i) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is not materially prejudicial to the interests of the Noteholders; or

(ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or to cure, correct or supplement any defective provision or is made

to correct a manifest or proven error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer or the Guarantor are incorporated.

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 General Condition 13 as soon as practicable thereafter.

15. Agents and Registrar

The names of the initial 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 Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(i) there will at all times be a Principal Paying Agent and a Registrar;

(ii) so long as the Notes are listed on any stock exchange or admitted to listing by any relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of such other stock exchange or other relevant authority; and

(iii) so long as any of the Registered Global Notes payable in a Specified Notes Currency other than US dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City.

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 General Condition 5(a). 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 or more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with General Condition 13, provided that no such variation, termination, appointment or changes shall take effect (except in the case of insolvency) within 7 days before any due date for the payment of any Note or any related Receipt or Coupon. Notice of all changes in the identities or specified offices of any Agent will be given promptly by the Issuer to Noteholders in accordance with General Condition 13.

In acting under the Agency Agreement, the Agents will act solely as agents of each of the Issuer and Guarantor (if applicable) and do not assume any obligations or relationship of agency or trust to or with the Noteholders, Receiptholders or Couponholders, except that (without affecting the obligations of the Issuer and the Guarantor (if applicable) to the Noteholders, Receiptholders and Couponholders, to repay Notes and pay interest thereon) funds received by the Principal Paying Agent for the payment of the principal of or interest on the Notes shall be held by it in trust for the Noteholders and/or Receiptholders or Couponholders until the expiration of the relevant period of prescription under General Condition 10. The Issuer will agree to perform and observe the obligations imposed upon it under the Agency Agreement. The Agency Agreement contains provisions for the indemnification of the Paying Agents and for relief from responsibility in certain circumstances, and entitles any of them to enter into business transactions with the Issuer and any of its subsidiaries without being liable to account to the Noteholders, Receiptholders or the Couponholders for any resulting profit.

All calculations, determinations, decisions, selections, elections and opinions made by the Calculation Agent shall be made in its discretion in accordance with the Conditions of the Notes, having regard in each case to any criteria stipulated therein, and shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, the other Agents and the Noteholders.

In exercising its discretion as described above, the Calculation Agent may take into account such factors as it determines appropriate in each case, which may include, in particular, any circumstances or events which have or may have a material impact on the hedging arrangements (as described below) entered into by the Issuer and/or any of its Affiliates and/or any other relevant party (each a "**Relevant Party**") in respect of the Notes. The exercise of the Calculation Agent's discretion in respect of the Notes as provided herein is necessary because certain circumstances or events (for example a material modification or disruption to a relevant asset(s) to which the Notes are linked) may occur subsequent to the issuance of the Notes which may materially affect the costs to the Relevant Party of maintaining the Notes or any relevant hedging arrangements. Such circumstances or events may not have been reflected in the pricing of the Notes. In addition, as a result of certain circumstances or events (e.g. unavailability or disruption to any reference source) it may no longer be reasonably practicable or otherwise appropriate for certain valuations in respect of

any relevant asset(s) to which the Notes are linked or otherwise in connection with the Notes to be made, thus making it necessary for the Calculation Agent to exercise its discretion in such a case.

16. Substitution

(a) **Substitution of the Issuer**

(i) The Issuer may, without the consent of the Noteholders (and by subscribing any Notes, each Noteholder expressly consents to it), be replaced and substituted by the Guarantor or any other company of which 100 per cent. of the shares or other equity interests (as the case may be) carrying the right to vote are directly or indirectly owned by the Guarantor as principal debtor (in such capacity, the "**Substituted Debtor**") in respect of the Notes provided that:

(A) a deed poll and such other documents (if any) shall be executed by the Substituted Debtor, the representative for the relevant Series of Notes in the applicable public deed of issuance (the "**Representative**"), the Issuer and (if the Substituted Debtor is not the Guarantor) the Guarantor as may be necessary to give full effect to the substitution (together the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder to be bound by the *"Terms and Conditions of the Notes"* and the provisions of the Agency Agreement and the Deed of Covenant, as fully as if the Substituted Debtor had been named in the Notes, the Agency Agreement and the Deed of Covenant as the principal debtor in respect of the Notes in place of the Issuer (or any previous substitute) and (if the Substituted Debtor is not the Guarantor) pursuant to which the Guarantor shall unconditionally and irrevocably guarantee (the "**New Guarantee**") in favour of each Noteholder the payment of all sums payable by the Substituted Debtor, as such principal debtor on the same terms *mutatis mutandis* as the Guarantee;

(B) without prejudice to the generality of General Condition 16(a)(i)(A), where the Substituted Debtor is incorporated, domiciled or resident for taxation purposes in a territory other than Spain, the Documents shall contain a covenant by the Substituted Debtor and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms corresponding to the provisions of General Condition 7 with the substitution for the references to Spain of references to the territory in which the Substituted Debtor is incorporated, domiciled and/or resident for taxation purposes. The Documents shall also contain a covenant by the Substituted Debtor and (if the Substituted Debtor is not the Guarantor) the Guarantor to indemnify and hold harmless each Noteholder against all taxes or duties which arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred or levied against such holder as a result of any substitution pursuant to this General Condition 16(a) and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, any and all taxes or duties which are imposed on any such Noteholder by any political sub-division or taxing authority of any country in which such Noteholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);

(C) the Documents shall contain a warranty and representation by the Substituted Debtor and (if the Substituted Debtor is not the Guarantor) the Guarantor that the Substituted Debtor and (if the Substituted Debtor is not the Guarantor) the Guarantor have obtained all necessary governmental and regulatory approvals and consents for such substitution and (if the Substituted Debtor is not the Guarantor) for the giving by the Guarantor of the New Guarantee in respect of the obligations of the Substituted Debtor on the same terms *mutatis mutandis* as the Guarantee, that each of the Substituted Debtor and the Guarantor (if the Substituted Debtor is not the Guarantor) has obtained all necessary governmental and regulatory approvals and consents for the performance by each of the Substituted Debtor and the Guarantor (if the Substituted Debtor is not the Guarantor) of its obligations under the Documents and that all such approvals and consents are in full force and effect;

(D) each stock exchange which has the Notes listed thereon shall have confirmed that following the proposed substitution of the Substituted Debtor the Notes would continue to be listed on such stock exchange;

(E) the Issuer shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Issuer, the Substituted Debtor and the Guarantor from a leading firm of lawyers in the country of incorporation of the Substituted Debtor, to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Debtor, such opinion(s) to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders at the specified offices of the Principal Paying Agent and the Registrar;

(F) the Guarantor shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Issuer, the Substituted Debtor and the Guarantor from a leading firm of Spanish lawyers acting for the Guarantor to the effect that in the case where the Substituted Debtor is not the Guarantor, the Documents (including the New Guarantee given by the Guarantor in respect of the Substituted Debtor) constitute legal, valid and binding obligations of the Guarantor, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders at the specified offices of the Principal Paying Agent and the Registrar;

(G) the Guarantor shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Issuer, the Substituted Debtor and the Guarantor from a leading firm of English lawyers to the effect that the Documents (including the New Guarantee given by the Guarantor in respect of the Substituted Debtor) constitute legal, valid and binding obligations of the parties thereto under English law, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Debtor for the Issuer and to be available for inspection by Noteholders at the specified offices of the Principal Paying Agent and the Registrar;

(H) the Substituted Debtor shall have appointed a process agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes or the Documents;

(I) there is no outstanding Event of Default in respect of the Notes;

(J) any credit rating assigned to the Notes will remain the same or be improved when the Substituted Debtor replaces and substitutes the Issuer in respect of the Notes; and

(K) the substitution complies with all applicable requirements established under the relevant laws applicable laws.

(ii) Upon the execution of the Documents as referred to in General Condition 16(a)(i)(A) above, the Substituted Debtor shall be deemed to be named in the Notes as the principal debtor in place of the Issuer (or of any previous substitute under these provisions) and the Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Issuer (or such previous substitute as aforesaid) from all of its obligations in respect of the Notes.

(iii) The Documents shall be deposited with and held by the Principal Paying Agent and the Registrar for so long as any Note remains outstanding and for so long as any claim made against the Substituted Debtor or (if the Substituted Debtor is not the Guarantor) the Guarantor by any Noteholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Debtor and (if the Substituted Debtor is not the Guarantor) the Guarantor shall acknowledge in the Documents the right of every Noteholder to the production of the Documents for the enforcement of any of the Notes or the Documents.

(iv) Not later than 15 London Business Days after the execution of the Documents, the Substituted Debtor shall give notice thereof to the Noteholders in accordance with General Condition 13.

"**London Business Day**" means 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 London.

(b) **Substitution of the Guarantor**

(i) The Guarantor may, without the consent of the Noteholders (and by subscribing any Notes, each Noteholder expressly consents to it), be replaced and substituted by another company incorporated anywhere in the world as the guarantor (in such capacity, the "**Substituted Guarantor**") in respect of the Notes provided that:

(A) a deed poll and such other documents (if any) shall be executed by the Guarantor and the Substituted Guarantor as may be necessary to give full effect to the substitution (together the "**Documents**") and (without limiting the generality of the foregoing) pursuant to which the Substituted Guarantor shall undertake in favour of each Noteholder to be bound by the "**Terms and Conditions of the Notes**" and the provisions of the Agency Agreement, and the Guarantee as fully as if the Substituted Guarantor had been named in the Notes, the Agency Agreement and the Guarantee as the guarantor in respect of the Notes in place of the Guarantor (or any previous substitute) and pursuant to which the Substituted Guarantor shall unconditionally and irrevocable guarantee (the "**New Guarantee**") in favour of each Noteholder the payment of all sums payable by the Issuer as such principal debtor on the same terms mutatis mutandis as the Guarantee;

(B) the Documents shall also contain a covenant by the Substituted Guarantor to indemnify and hold harmless each Noteholder against all liabilities, costs, charges and expenses provided that insofar as the liabilities, costs, charges and expenses are taxes or duties, the same arise by reason of a law or regulation having legal effect or being in reasonable contemplation thereof on the date such substitution becomes effective, which may be incurred or levied against such holder as a result of any substitution pursuant to this General Condition 16(b) and which would not have been so incurred or levied had such substitution not been made (and, without limiting the foregoing, such liabilities, costs, charges and expenses shall include any and all taxes or duties which are imposed on any such Noteholder by any political sub-division or taxing authority of any country in which such Noteholder resides or is subject to any such tax or duty and which would not have been so imposed had such substitution not been made);

(C) the Documents shall contain a warranty and representation by the Substituted Guarantor that the Substituted Guarantor has obtained all necessary governmental and regulatory approvals and consents for such substitution and for the giving by the Substituted Guarantor of the New Guarantee, that the Substituted Guarantor has obtained all necessary governmental and regulatory approvals and consents for the performance by the Substituted Guarantor of its obligations under the Documents and that all such approvals and consents are in full force and effect;

(D) each stock exchange which has the Notes listed thereon shall have confirmed that following the proposed substitution of the Substituted Guarantor such Notes would continue to be listed on such stock exchange;

(E) the Guarantor shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar of a copy of a legal opinion addressed to the Guarantor, the Issuer and the Substituted Debtor from a leading firm of lawyers in the country of incorporation of the Substituted Guarantor to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Guarantor, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Guarantor for the Guarantor and to be available for inspection by Noteholders at the specified offices of the Principal Paying Agent and the Registrar;

(F) the Substituted Guarantor shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar of a copy of a legal opinion addressed to the Guarantor, the Issuer and the Substituted Debtor from a leading firm of English lawyers to the effect that the Documents (including the New Guarantee given by the Substituted Guarantor) constitute legal, valid and binding obligations of the parties thereto under English law, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Guarantor for the Guarantor and to be available for inspection by Noteholders at the specified offices of the Principal Paying Agent and the Registrar;

(G) the Substituted Guarantor shall have appointed a process agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes or the Documents;

(H) there is no outstanding Event of Default in respect of the Notes;

(I) the Substituted Guarantor has ratings for long-term senior debt assigned by Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies Inc. or Moody's Investors Service, Inc. which are the same as or higher than the credit rating for long-term senior debt of the Guarantor or any previous Substituted Guarantor immediately prior to such substitution; and

(J) the substitution complies with all applicable requirements established under any applicable law.

(ii) Upon the execution of the Documents as referred to in General Condition 16(b)(i)(A) above, the Substituted Guarantor shall be deemed to be named in the Notes as the guarantor in place of the Guarantor (or of any previous substitute under these provisions) and the Notes shall thereupon be deemed to be amended to give effect to the substitution. The execution of the Documents shall operate to release the Guarantor (or such previous substitute as aforesaid) from all of its obligations in respect of the Notes and the Guarantees.

(iii) The Documents shall be deposited with and held by the Principal Paying Agent and the Registrar for so long as any Note remains outstanding and for so long as any claim made against the Substituted Guarantor by any Noteholder in relation to the Notes or the Documents shall not have been finally adjudicated, settled or discharged. The Substituted Guarantor shall acknowledge in the Documents the right of every Noteholder to the production of the Documents for the enforcement of any of the Notes or the Documents.

(iv) Not later than 15 London Business Days after the execution of the Documents, the Substituted Guarantor shall give notice thereof to the Noteholders in accordance with General Condition 13.

17. Contracts (Rights of Third Parties) Act 1999

The Notes shall not confer any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

18. Governing Law and Submission to Jurisdiction

(a) **Governing Law**

(i) The transfer of the Book Entry Notes (General Condition 1(e), the status of the Book-Entry Notes and the status of the Guarantee in respect of them (General Condition 3), the capacity of the Guarantor, and the relevant Guarantor corporate resolutions, will be governed by Spanish law. The capacity of the Issuer and the relevant Issuer corporate resolutions will be governed by Dutch Law. Subject as provided above, the terms and conditions of the Book-Entry Notes, all related contractual documentation and any non-contractual obligations arising out of or in connection with the Book-Entry Notes and all related contractual documentation will be governed by, and shall be construed in accordance with, English law.

(ii) The status of the Guarantee in respect of Certificated Notes (General Condition 3), the capacity of the Guarantor, and the relevant Guarantor corporate resolutions, will be governed by Spanish law. The Issue of the Certificated Notes, the capacity of the Issuer and the relevant Issuer corporate resolutions will be governed by Dutch Law. Subject as provided above, the terms and conditions of the Certificated Notes, all related contractual documentation and any non-contractual obligations arising out of or in connection with the Certificated Notes and all related contractual documentation will be governed by, and shall be construed in accordance with, English law.

(b) **Submission to Jurisdiction**

(i) Subject to General Condition 18(b)(iii) of the "*Terms and Conditions of the Notes*" below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a "**Dispute**") and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(ii) For the purposes of this General Condition 18, the Issuer and any Noteholders, Receiptholders or Couponholders in relation to any Dispute waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(iii) This General Condition 18(b)(iii) is for the benefit of the Noteholders, Receiptholders and the Couponholders only. To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

(c) **Appointment of Process Agent**

The Issuer irrevocably appoints the Guarantor at its registered office for the time being in England as its agent for service of process in any proceedings before the English courts in relation to any Proceedings and undertakes that, in the event of the Guarantor being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Proceedings. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

ANNEX 1

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

*If specified as applicable in the Final Terms, the terms and conditions applicable to payouts shall comprise the General Conditions and the additional terms and conditions for payouts set out below (the "**Payout Conditions**"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms and subject to completion in the Final Terms. In the event of any inconsistency between (i) the General Conditions and/or any other Annex and (ii) the Payout Conditions, the Payout Conditions shall prevail.*

1 Structured Notes

(a) Use of Payout Conditions

These Payout Conditions set out the methodology for determining various payouts and product features in respect of the Notes. The applicable text shown in Payout Conditions 2, 3, 4 and 5 below will be extracted, included and completed at the paragraph indicated in the Final Terms on the basis that (i) applicable text (including, where appropriate, section headings and terms defined in Payout Condition 5 which are required to be completed) from the relevant Payout Condition will be set out at the paragraph indicated in the Final Terms and (ii) inapplicable text (and any terms defined in Payout Condition 5 which are not required to be completed) need not be included. Where the Final Terms specify that a table may be inserted, such table will set out amounts, entities, dates, items, rates, value levels, triggers, figures and other information which completes the definitions that appear in the relevant subparagraphs of the Final Terms, the Terms and Conditions of the Notes and the applicable Annex(es) to the Terms and Conditions of the Notes. Notwithstanding the above, a table may be inserted in any section of the Final Terms whether or not is so specified that a table may be inserted in such section of the Final Terms.

(b) Use of Terms

Terms in these Payout Conditions or in the Final Terms may be attributed a numerical or letter suffix value when included in the Final Terms. Without limitation, the suffix can be denoted as "j", "k", "m", "q", "n", "t", "i", "A", "B", "C" or "1", "2", "3" etc. and the term may be completed on the basis of the number or numbers represented by j, k, m, q, n, t, i, "A", "B", "C" or 1, 2, 3 etc. as chosen at the time of an issue of Notes. Moreover suffixes may be placed in series as necessary, such as "A(1)", "B(1)", "C(1)" etc. When applicable and in order to improve the reading and intelligibility of the formula(e) in the Final Terms, the applicable suffixes may be included, completed and the relation between the term and the suffix will be explained and may be presented as a table, if necessary, in the Final Terms. A term in Payout Condition 5 may be included in the applicable Final Terms section more than once if there is more than one number represented by the term n, t or i. Conjunctions (e.g. or, and, but) and punctuation may also be included where appropriate. Suffixes may denote that a relevant term relates to an asset, item or date associated with that suffix. Suffixes may also be applied to payouts to denote that more than one payout or Rate of Interest etc, may be concurrently applicable (on the same dates or otherwise) in respect of any Note.

The constituent parts of any formula(e) or term(s) used in these Payout Conditions and that are to be specified in the Final Terms may be replaced in the Final Terms by the prescribed amount, level, or percentage or other value or term (the "**Variable Data**"). If a Variable Data has a value of either 0 (zero) or 1 (one), or is not applicable in respect of the relevant formula(e), then the related formula(e) may be simplified, for the purpose of improving the reading and intelligibility in the formula(e) in Final Terms, by deleting such Variable Data.

(c) Note Types

The Final Terms will specify the Interest Basis applicable in respect of a Note. Such Notes are, where the Interest Basis is: Index Linked Interest, an "**Index Linked Interest Note**"; Equity Linked Interest, an "**Equity Linked Interest Note**"; Inflation Linked Interest, an "**Inflation Linked Interest Note**"; Reference Item Rate Linked Interest, a "**Reference Item Rate Linked Interest Note**"; ETF Linked Interest a "**ETF Linked Interest Note**"; Fund Linked Interest, a "**Fund Linked Interest Note**"; "**Credit Linked Note**"; Foreign Exchange (FX) Rate Linked Interest, a "**Foreign Exchange (FX) Rate Linked Interest Note**" or where a combination of any two or more Interest Bases, a "**Combination Interest Note**" (each, a "**Reference Item Linked Interest Note**").

The Final Terms will specify the Redemption Basis applicable in respect of a Note. Such Notes are, where the Redemption Basis is: Index Linked Redemption; an "**Index Linked Redemption Note**"; Equity Linked Redemption, an "**Equity Linked Redemption Note**"; ETF Linked Redemption, a "**ETF Linked Redemption Note**" Fund Linked Redemption; a "**Fund Linked Redemption Note**"; Inflation Linked Redemption, an "**Inflation Linked Redemption Note**"; Reference Item Rate Linked Redemption, a "**Reference Item Rate**

Linked Redemption Note"; Foreign Exchange (FX) Rate Linked Redemption, a "**Foreign Exchange (FX) Rate Linked Redemption Note**"; Credit Linked Redemption, a "**Credit Linked Redemption Note**"; or "**Credit Linked Note**", or where a combination of any two or more Redemption Bases, a "**Combination Redemption Note**" (each, a "**Reference Item Linked Redemption Note**").

2 Interest Rates Payout Formula(e) and Final Payout Formula(e) for Structured Notes

2.1 Interest Rate Payout Formula(e)

(*For insertion and completion into Paragraph 16(ix) (Rate of Interest) in the Final Terms. Note: where a Rate of Interest is a fixed or floating rate, paragraph 17 or 18 as applicable, in the Final Terms should be completed.*)

(i) "**Rate of Interest (i)**"

Coupon Value (i) * Leverage (i)

(ii) "**Rate of Interest (ii)**"

Rate (i)

(iii) "**Rate of Interest (iii)**"

Leverage (i) * Rate (i) + Spread (i)

(iv) "**Rate of Interest (iv)**"

Leverage (i) * Reference Spread (i) + Spread (i)

(v) "**Rate of Interest (v)**"

Previous Interest (i) + Spread (i)

(vi) "**Rate of Interest (vi)**"

Previous Interest (i) + Leverage (i) * Reference Item Rate (i) + Spread (i)

(vii) "**Rate of Interest (vii)**"

Leverage (i) * Coupon Value (i) + Spread (i)

(viii) "**Rate of Interest (viii) - Call**"

(*Insert the following if no cap or floor is applicable*)

Leverage * (Coupon Value (i) – Strike Percentage)

(*Insert the following if a floor is applicable*)

Max [Floor Percentage; Leverage * (Coupon Value (i) – Strike Percentage)]

(*Insert the following if a cap is applicable*)

Min [Cap Percentage; Leverage * (Coupon Value (i) – Strike Percentage)]

(Insert the following if a cap and a floor is applicable)

Min [Cap Percentage; Max [Floor Percentage; Leverage * (Coupon Value (i) – Strike Percentage)]]

(ix) "**Rate of Interest (ix) – Put**"

(*Insert the following if no cap or floor is applicable*)

Leverage * (Strike Percentage - Coupon Value (i))

(*Insert the following if a floor is applicable*)

Max [Floor Percentage; Leverage * (Strike Percentage – Coupon Value (i))]

(*Insert the following if a cap is applicable*)

Min [Cap Percentage; Leverage * (Strike Percentage - Coupon Value (i))]]

(*Insert the following if a cap and a floor are applicable*)

Min [Cap Percentage; Max [Floor Percentage; Leverage * (Strike Percentage - Coupon Value (i))]]

(x) "**Rate of Interest (x) - Range Accrual**"

(*insert the following where interest accrual is calculated based on the number of days on which the Range Accrual Coupon Condition or Range Accrual Countdown Condition is satisfied*)

(*insert the following if leverage and/or spread is applicable*)

$\text{Leverage } (i) * \big(\text{Rate } (i) + \text{Spread } (i)\big) * {}^{n}/_{N}$

(insert the following if no leverage and/or spread is applicable)

Rate (i) * n/N

(*insert the following where interest accrual is calculated based on the number of days on which the Range Accrual Coupon Condition or Range Accrual Countdown Condition is satisfied but subtracting the number of days on which the Range Accrual Condition is not satisfied*)

$\text{Leverage (i)} * \big(\text{Rate (i)} + \text{Spread (i)}\big)$ * Max[0; (2n-N)/N]

(xi) "**Rate of Interest (xi) - Call Participation**"

(A) If Coupon Barrier Condition is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period]:

[Coupon Value (i) * Leverage] [Min [Cap Percentage; Coupon Value (i) * Leverage]] [Max [Floor Percentage; Coupon Value (i) * Leverage]] [Max [Floor Percentage; Min [Cap Percentage; Coupon Value (i) * Leverage]]]; or

(B) Otherwise,

Zero.

(xii) "**Rate of Interest (xii) - Digital One Barrier**"

(A) If Coupon Barrier Condition is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period]:

[Constant Percentage]; or

(B) Otherwise:

[zero]

(xiii) "**Rate of Interest (xiii) - Digital One Barrier Standard**"

(A) If Coupon Barrier Condition is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period]

[Constant Percentage[1]] [*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive*]; or

(B) Otherwise:

[zero][Constant Percentage [2]] [*select and insert the Interest Rate Payout Formula from one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (B) may be different from the Interest Rate Payout Formula for paragraph (A)*].

(xiv) "**Rate of Interest (xiv) - Strike Podium n Barriers**"

(A) If Coupon Barrier Condition 1 is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period]

[Constant Percentage 1][*select and insert the Interest Rate Payout formula from any one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive)*]; or

(B) If Coupon Barrier Condition [2] is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period] and Coupon Barrier Condition [1] is not satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][and was not satisfied in any previous Interest Period]:

[Constant Percentage 2] [*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (B) may be different from the Interest Rate Payout Formula for paragraph (A)*]; or

(C) Otherwise:

[zero] [Constant Percentage 3] [*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (C) may be different from the Interest Rate Payout Formulae for (A) and (B) respectively*].

(*The above provisions of paragraph (B) may be duplicated in case more than two Coupon Barrier Conditions apply)*

(xv) "**Rate of Interest (xv) - Partial Memory**"

(A) If Barrier Count Condition is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period]:

Rate (i) + SumRate (i) * Leverage (i); or

(B) Otherwise, zero.

(xvi) "**Rate of Interest (xvi) - Memory**"

(A) If Barrier Count Condition is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period]:

Rate(i) + SumRate(i); or

(B) Otherwise, zero.

(xvii) "**Rate of Interest (xvii) - Call with Individual Caps**"

$$Max\left[MinCoupon(i); \sum_{k=1}^{K}\left(RIWeighting(k) * Max\left[FloorPercentage(i); Min\left[CapPercentage(i); CouponValue(i,k)\right]\right]\right) - StrikePercentage(i)\right] + ConstantPercentage(i)$$

(xviii) "**Rate of Interest (xviii) - Cappuccino**"

$$Max\left[MinCoupon(i); \sum_{k=1}^{K}\left(RIWeighting(k) * Max[FloorPercentage(i); CappuccinoBarrierValue(i,k)]\right) - StrikePercentage(i)\right] + ConstantPercentage(i)$$

(xix) "**Rate of Interest (xix) - Best Replace**"

(Insert the following if local floor is applicable)

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

$$Max\left[MinCoupon(i); \sum_{k=1}^{K} (RIWeighting(k) * Max[FloorPercentage(i); ModifiedValue(i, k)]) - StrikePercentage(i)\right]$$

(Insert the following if local floor is not applicable)

$$Max\left[MinCoupon(i); \sum_{k=1}^{K} (RIWeighting(k) * (ModifiedValue(i, k) - StrikePercentage(\mathrm{i}))\right]$$

(xx) "**Rate of Interest (xx) - Cliquet**"

$$Max\left[\sum_{i=1}^{T} (Max\,[FloorPercentage(i); Min[CapPercentage(i); CouponValue(i)]]) - StrikePercentage, FloorPercentage1\right]$$

(xxi) "**Rate of Interest (xxi) - Cliquet Digital**"

(A) If Cliquet Digital Performance is greater than Constant Percentage 1:

Cliquet Digital Performance; or

(B) If Cliquet Digital Performance is greater than or equal to Constant Percentage 2 and is less than or equal to Constant Percentage 1:

Constant Percentage 1; or

(C) If Cliquet Digital Performance is less than Constant Percentage 2:

Constant Percentage 2.

(xxii) "**Rate of Interest (xxii) - Cliquet Digital Lock in**"

$$Max\left[FloorLockin; \sum_{i=1}^{T} \left(Max\left[FloorPercentage(i); Min[CapPercentage(i); CouponValue(i)]\right]\right) - StrikePercentage; FloorPercentage1\right]$$

(xxiii) "**Rate of Interest (xxiii) - Digital Coupon One Dual Condition**"

(A) If Digital Coupon Condition is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period]:

Rate A (i); or

(B) Otherwise:

Rate B (i).

(xxiv) "**Rate of Interest (xxiv)** - **Digital Coupon Two Dual Conditions**"

(A) If Digital Coupon Condition 1 is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period]:

Rate A (i); or

(B) If Digital Coupon Condition 1 is not satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was not satisfied in any previous Interest Period], but Digital Coupon Condition 2 is satisfied in respect of such [ST Coupon Valuation Date][ST Coupon Valuation Period]:

Rate B (i); or

(C) Otherwise:

Rate C (i).

(xxv) "**Rate of Interest (xxv) – TARN**"

(A) In respect of each Interest Period other than the Target Final Interest Period:

[*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive)*]; and

(B) In respect of the Target Final Interest Period and provided that an Automatic Early Redemption Event has not occurred:

Final Interest Rate.

(xxvi) "**Rate of Interest (xxvi) – Ratchet**"

Min [Cap Percentage; Max [Previous Interest(i); Rate(i)]

(xxvii) "**Rate of Interest (xxvii) – Multiplier**"

(insert the following if a cap is applicable)

Min [Cap Percentage; Max [Floor Percentage, Multiplier Number * Constant Percentage]]

(*insert the following if a cap is not applicable*)

Max [Floor Percentage, Multiplier Number * Constant Percentage 2]

(xxviii) "**Rate of Interest (xxviii) - Count Barrier Condition**"

(A) If, in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period], the Count Barrier Condition has been satisfied on [*specify*][or more][or less] Observation Dates in respect of such [ST Coupon Valuation Date][ST Coupon Valuation Period]:

[Constant Percentage [1] [*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive)*]; or

(B) Otherwise:

[zero][Constant Percentage [2]][*select and insert the Interest Rate Payout Formula from one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (B) may be different from the Interest Rate Payout Formula for paragraph (A)*]

(xxix) "**Rate of Interest (xxix) - Podium**"

Rate(n)

(xxx) "**Rate of Interest (xxx) - Compensation**"

(A) If, in respect of the [ST Coupon Valuation Date][ST Coupon Valuation Period] falling on i=[*specify* [and i=[*specify*]], the Calculation Agent determines that the sum of the Rate of Interest "(*specify name of the applicable Rate of Interest*)" above for such [ST Coupon Valuation Date][ST Coupon Valuation Period] [and the [*specify*] preceding [ST Coupon Valuation Dates][ST Coupon Valuation Periods]] is [zero][*specify percentage*] then for each such [ST Coupon Valuation Date][ST Coupon Valuation Period] the Rate of Interest shall be:

[Constant Percentage [1] [*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive)*]; or

(B) Otherwise, for each such [ST Coupon Valuation Date][ST Coupon Valuation Period] the Rate of Interest shall be:

[zero][Constant Percentage [2]][*select and insert the Interest Rate Payout Formula from one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (B) may be different from the Interest Rate Payout Formula for paragraph (A)*]

(xxxi) **"Rate of Interest (xxxi) - Dual Currency Digital Coupon"**

(A) If the Coupon Barrier Condition is satisfied in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period][or was satisfied in any previous Interest Period]

[Constant Percentage[1]] [*select and insert the Interest Rate Payout Formula from any one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive*]; or

(B) Otherwise:

[zero][Constant Percentage [2]] [*select and insert the Interest Rate Payout Formula from one of "Rate of Interest (i)" to "Rate of Interest (x) - Range Accrual" (inclusive); for the avoidance of doubt the selected Interest Rate Payout Formula for this paragraph (B) may be different from the Interest Rate Payout Formula for paragraph (A)*] [and the Settlement Exchange Rate Provisions] [and the SER Intermediate Currency Requirements] shall apply with respect to the payment of the corresponding Interest Amount].

(xxxii) **"Rate of Interest (xxxii) - Partial Consolidation"**

(A) If Coupon Barrier Condition is satisfied for the first time in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period]:

Rate (i); or

(B) If Coupon Barrier Condition was satisfied in any previous Interest Period:

Leverage * Rate (i); or

(C) Otherwise:

[zero][Constant Percentage]

(xxxiii) **"Rate of Interest (xxxiii) - Ulises"**

(A) If Coupon Barrier Condition is satisfied for the first time in respect of a [ST Coupon Valuation Date]:

Rate (i) * n; or

(B) If Coupon Barrier Condition was satisfied in any previous Interest Period:

Leverage * Rate (i); or

(C) Otherwise:

[zero][Constant Percentage]

(xxxiv) **"Rate of Interest (xxxiv) – Leonidas Range Accrual"**

[Min [Max [Floor Percentage(i), Leonidas Coupon (i),], Cap Percentage(i)]

(xxxv) **"Rate of Interest (xxxv) – Leonidas"**

[Min [Max [Floor Percentage(i), Leonidas Rate (i),], Cap Percentage(i)]

(xxxvi) **"Rate of Interest (xxxvi) – Branch"**

(insert if a cap is applicable)

Min [Max [BranchA(i), Branch B(i)]; Cap Percentage(i)]

(insert if a floor is applicable)

Max [Min [BranchA(i),Branch B(i)]; Floor Percentage(i)]

(xxxvii) **"Rate of Interest (xxxvii) – Multiple Reverse"**

[Min [Max [Floor Percentage(i). Constant Percent(i) - Leverage (i) *(Highest Basket Closing Value(i) - Lowest Basket Closing Value(i)], Cap Percentage(i)]

2.2 Final Payouts Formula(e)

For insertion and completion into Paragraph 30 (*Final Payout*) in the Final Terms:

(i) "**Redemption (i)**"

Constant Percentage + FR Value

(ii) "**Redemption (ii) – Call**"

(Insert the following if no cap or floor is applicable)

Constant Percentage + Leverage * (FR Value – Strike Percentage)

(*Insert the following if a floor is applicable*)

Constant Percentage + Leverage * Max [Floor Percentage; (FR Value - Strike Percentage)]

(Insert the following if a cap is applicable)

Constant Percentage + Leverage * Min [Cap Percentage; (FR Value – Strike Percentage)]

(Insert the following if a cap and a floor are applicable)

Constant Percentage + Leverage * Min [Cap Percentage; Max [Floor Percentage; (FR Value – Strike Percentage)]]

(*Insert if a call and a put are applicable*)

Constant Percentage + (Leverage 1 * (Min [Cap Percentage 1; Max [Floor Percentage 1; Leverage 2 * FR Value - Strike Percentage 1]])) + (Leverage 3 * (Min [Cap Percentage 2; Max [Floor Percentage 2; Strike Percentage 2 – Leverage 4 * FR Value]]))

(iii) "**Redemption (iii) – Put**"

(Insert the following if no cap or floor is applicable)

Constant Percentage + Leverage * (Strike Percentage – FR Value)

(Insert the following if a floor is applicable)

Constant Percentage + Leverage * Max [Floor Percentage; (Strike Percentage – FR Value)]

(Insert the following if a cap is applicable)

Constant Percentage + Leverage * Min [Cap Percentage; (Strike Percentage – FR Value)]

(Insert the following if a cap and a floor are applicable)

Constant Percentage + Leverage * Min [Cap Percentage; Max [Floor Percentage; (Strike Percentage – FR Value)]]

(iv) "**Redemption (iv) - Digital**"

(A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]:

[Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive*)][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(B) Otherwise:

[Constant Percentage 2][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A)*][no Final Redemption Amount will be payable and Physical Delivery will apply].

(v) "**Redemption (v) - Digital with Knock-in**"

(A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and no Knock-in Event has occurred:

[Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(B) Otherwise:

[Constant Percentage 2][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive)*; *for the avoidance of doubt the selected final payout formula for this paragraph (B) may be different from the final payout formula for paragraph (A)*)[no Final Redemption Amount will be payable and Physical Delivery will apply].

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

(vi) "**Redemption (vi) - Strike Podium n Conditions**"

(A) If the Final Redemption Condition [1] is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]:

[Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(B) If the Final Redemption Condition [2] is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and Final Redemption Condition [1] is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period][[and [no][a] Knock-in Event has occurred]:

[Constant Percentage 2][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(C) Otherwise:

[Constant Percentage 3][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (C) may be different from the Final Payout Formula for any of the preceding paragraphs*][no Final Redemption Amount will be payable and Physical Delivery will apply].

(The above provisions of (B) may be duplicated in case more than two Final Redemption Conditions apply)

(vii) "**Redemption (vii) – Knock-in**"

(A) If no Knock-in Event has occurred:

100 per cent; or

(B) If a Knock-in Event has occurred:

[FR Value] [no Final Redemption Amount will be payable and Physical Delivery will apply].

(viii) "**Redemption (viii) – Knock-in Standard**"

(A) If no Knock-in Event has occurred:

[Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive)*] [no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(B) If a Knock-in Event has occurred:

[Min [Constant Percentage 2; FR Value]][Constant Percentage 2] [Max [Floor Percentage; 100 per cent. - Leverage * Max [0 per cent; Strike Percentage + Leverage 2 * FR Value]]] [*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A)*][no Final Redemption Amount will be payable and Physical Delivery will apply].

(ix) "**Redemption (ix) - Knock-in Put Leverage**"

(A) If no Knock-in Event has occurred:

100 per cent.; or

(B) If a Knock-in Event has occurred:

[Max [Floor Percentage; Constant Percentage Leverage * (Strike Percentage – FR Value)]] [no Final Redemption Amount will be payable and Physical Delivery will apply]

(x) "**Redemption (x) – Barrier and Knock-in Standard**"

(A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]:

[100 per cent. + FR Additional Rate][*select and insert the Final Payout Formula from any one of* "*Redemption (i)*" to "*Redemption (iii) – Put*" (*inclusive*)][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(B) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and no Knock-in Event has occurred:

[Constant Percentage 1][se*lect and insert the Final Payout Formula from any one of* "*Redemption (i) to "Redemption (iii) – Put*" (*inclusive*); *for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A)*][no Final Redemption Amount will be payable and Physical Delivery will apply]; or

(C) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and a Knock-in Event has occurred:

[Min [Constant Percentage 2; FR Value]][Constant Percentage 2] [Max [Floor Percentage; 100 per cent. - Leverage * Max [0 per cent; Strike Percentage + Leverage 2 * FR Value]]] [*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (C) may be different from the Final Payout Formula for any of the preceding paragraphs*][no Final Redemption Amount will be payable and Physical Delivery will apply].

(xi) "**Redemption (xi) – Barrier and Knock-in**"

(A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]:

[Constant Percentage 1]; or

(B) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and no Knock-in Event has occurred:

[Constant Percentage 2]; or

(C) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and a Knock-in Event has occurred:

[FR Value][no Final Redemption Amount will be payable and Physical Delivery will apply].

(xii) "**Redemption (xii) – Barrier and Knock-in Put Leverage**"

(A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]:

[Constant Percentage 1]; or

(B) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and no Knock-in Event has occurred:

[Constant Percentage 2]; or

(C) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and a Knock-in Event has occurred:

[Max [Floor Percentage; Constant Percentage - Leverage * (Strike Percentage – FR Value)]] [no Final Redemption Amount will be payable and Physical Delivery will apply]

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

(xiii) "**Redemption (xiii) - Twin Win**"

(*Insert the following if a cap is not applicable*)

(A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]:

Constant Percentage 1 + Max [Floor Percentage 1; Leverage 1 * (FR Value - Strike Percentage 1)]; or

(B) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and no Knock-in Event has occurred:

Constant Percentage 2 + Max [Leverage 2 * (Strike Percentage 2 - FR Value); Floor Percentage 2)]; or

(C) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and a Knock-in Event has occurred:

[Min [Constant Percentage 3; FR Value]][Constant Percentage 3][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive)*] [no Final Redemption Amount will be payable and Physical Delivery will apply].

(*Insert the following if a cap is applicable*)

(A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period]:

Constant Percentage 1 + Min [Cap Percentage 1; Max [Floor Percentage 1; Leverage 1 * (FR Value - Strike Percentage 1)]]; or

(B) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and no Knock-in Event has occurred:

Constant Percentage 2 + Min [Cap Percentage 2; Max [Leverage 2 * (Strike Percentage 2 - FR Value); Floor Percentage 2]]; or

(C) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period] and a Knock-in Event has occurred:

[Min [Constant Percentage 3; FR Value]][Constant Percentage 3][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive)*][no Final Redemption Amount will be payable and Physical Delivery will apply].

(xiv) "**Redemption (xiv) - Himalaya**"

$$ConstantPercentage1 + Leverage * Max\left[\frac{1}{TotalM} * \sum_{i=1}^{M} Max[BestLockValue(i) - StrikePercentage(i); Local\ Floor\ Percentage(i)]; 0\right]$$

(xv) "**Redemption (xv) - Booster**"

(A) If the Final Redemption Condition is satisfied in respect of a ST Redemption Valuation Date[in the][ST Redemption Valuation Period]:

Constant Percentage 1 + Max [0 per cent; Booster Percentage * (FR Value – Strike Percentage)]; or

(B) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][in the][ST Redemption Valuation Period] and no Knock-in Event has occurred:

Constant Percentage 2; or

(C) If the Final Redemption Condition is not satisfied in respect of a [ST Redemption Valuation Date][in the] [ST Redemption Valuation Period] and a Knock-in Event has occurred:

Min [Constant Percentage 3; FR Value] [no Final Redemption Amount will be payable and Physical Delivery will apply]

(xvi) "**Redemption (xvi) - Bonus**"

(A) If no Knock-in Event has occurred:

Constant Percentage 1 + Max [Bonus Percentage; Leverage (FR Value –Strike Percentage)]; or

(B) Otherwise:

[FR Value][no Final Redemption Amount will be payable and Physical Delivery will apply]

(xvii) "**Redemption (xvii) - Dual Currency Digital**"

(A) If the Final Redemption Condition is satisfied in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period][and no Knock-in Event has occurred]:

[Constant Percentage 1][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive*)]; or

(B) Otherwise:

[Constant Percentage 2][*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A)*) [and the Settlement Exchange Rate Provisions] [and the SER Intermediate Currency Requirements] shall apply with respect to the payment of the Final Redemption Amount[.][which, for the avoidance of doubt shall be an amount equal to [*specify currency and amount*] per Calculation Amount]].

(xviii) "**Redemption (xviii) - Count Barrier Condition**"

(A) If, in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period], the Count Barrier Condition has been satisfied on [specify][or more][or less] Observation Dates in respect of such [ST Redemption Valuation Date][ST Redemption Valuation Period],

[Constant Percentage [1] [*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive)*][no Final Redemption Amount will be payable and Physical Delivery will apply];]; or

(B) Otherwise:

[zero][Constant Percentage [[*select and insert the Final Payout Formula from any one of "Redemption (i)" to "Redemption (iii) – Put" (inclusive); for the avoidance of doubt the selected Final Payout Formula for this paragraph (B) may be different from the Final Payout Formula for paragraph (A)*][no Final Redemption Amount will be payable and Physical Delivery will apply]

(*The above provisions of (A) may be duplicated*)

(xix) "**Redemption (xix) Accumulation**"

$$\text{Max}\left[\text{Constant Percentage} + \sum_{i=1}^{T} \text{Ladder Value}(i); \text{Floor Percentage}\right]$$

3 Automatic Early Redemption Amounts

If Automatic Early Redemption is specified as applicable in the Final Terms and an Automatic Early Redemption Event occurs, then:

For insertion into Paragraph 31 (iii) (*Automatic Early Redemption Amount*):

(i) If ST Automatic Early Redemption is specified in the Final Terms, then any of the two following formula shall be inserted and completed in Automatic Early Redemption Amount:

(A) Calculation Amount * (AER Percentage + AER Additional Rate)

(B) (i) If no Knock-in Event has occurred:

Calculation Amount * [Constant Percentage 1]; or

(ii) If a Knock-in Event has occurred:

Calculation Amount * [Min [Constant Percentage 2; Leverage * FR Value]

(ii) *If Target Automatic Early Redemption is specified in the Final Terms, the following formula shall be inserted and completed in the Automatic Early Redemption Amount:*

Calculation Amount * (100% + Final Interest Rate);

4 Entitlement Amounts for Physical Delivery

For insertion into item 45(i) of the Final Terms (*Provisions applicable to Physical Delivery – Entitlement Amount*).

Calculation Amount / (Constant Percentage * Performing RI Strike Price * FX)

The Entitlement Amount will be rounded down to the nearest unit of each Relevant Asset capable of being delivered (the "**Equity Element**") and in lieu thereof the Issuer will pay a residual amount (the "**Residual Amount**") equal to:

(Entitlement Amount – Equity Element) * Physical Delivery Price * FX

5 Definitions

5.1 General Definitions

"**AER Additional Rate**" means, in respect of a [ST AER Valuation Date] or [ST AER Valuation Period], [the AER Rate][AER Rate DCF][AER Rate MT][AER Value][AER Reference Item Rate].

"**AER Rate**" means [*specify rate*].

"**AER Rate DCF**" means a percentage calculated as the product of the AER Rate and the applicable Day Count Fraction.

"**AER Rate MT**" means the product of (a) [*specify rate*] and (b) the number of [Interest Periods][ST Valuation Dates][Automatic Early Redemption Valuation Dates] from the Issue Date to [and including][but excluding] the [Interest Period in which the relevant Automatic Early Redemption Valuation Date falls][the date of the relevant Automatic Early Redemption Valuation Date].

"**AER Percentage**" means [*specify*] per cent.

"**AER Reference Item Rate**" means [*specify floating rate*].

"**AER Value**" means in respect of a [ST Valuation Date][ST Valuation Period]and in respect of [each][of] Reference Item (k[=[*specify*]] to (k[=[*specify*]])] [*specify value from Payout Condition 5.2*].

"**Barrier Percentage Strike Price**" means [*specify percentage*].

"**Basket**" means: (a) if the relevant Reference Items are Indices, the Basket of Indices (as defined in the Index Linked Conditions) as specified in the Final Terms; (b) if the relevant Reference Items are Shares, the Basket of Shares (as defined in the Equity Linked Conditions) as specified in the Final Terms; (c) if the relevant Reference Item are Inflation Indices, a basket composed of each Inflation Index specified in the Final Terms (d) if the relevant Reference Items are ETF Shares, the ETF Basket (as defined in the ETF Linked Conditions) (e) if the relevant Reference Item are Fund Shares, the Fund Basket (as defined in the Fund Linked Conditions) as specified in the Final Terms; (f) if the relevant Reference Item are Subject Currencies, a basket composed of each Subject Currency specified in the Final Terms; and (g) in the case of Reference Items which are Shares, ETFs and/or Indices, where applicable, a basket of Shares, ETFs and/or Indices, as specified in the applicable Final Terms, in each case subject to Weightings.

"**Basket Ranking**" means, in respect of a ST Valuation Date, the ranking of each Basket by Basket Value from highest Basket Value to lowest Basket Value in respect of such ST Valuation Date.

"**Best Lock Value(i)**" means, in respect of a [ST Valuation Date] [or ST Valuation Period], the highest RI Value on such [ST Valuation Date] [ST Valuation Period] of the Reference Item(s) in Himalaya Basket(i).

"**Best Replace Percentage**" means [*specify percentage*].

"**Bonus Percentage**" means [*specify percentage*].

"**Booster Percentage**" means [*specify percentage*].

"**Branch A (i)**" means in respect of a ST Coupon Valuation Date:

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

[Leverage 1(i)* Previous Interest(i)+Constant Percentage 1(i)+Basket Closing Value A(i)]

"**Branch B (i)**" means in respect of a ST Coupon Valuation Date:

[Leverage 2(i)*Previous Interest(i)+Constant Percentage 2(i)+Basket Closing Value B(i)]

"**Cap Percentage[1][2]**" means [*specify percentage*].

"**Cappuccino Barrier Value**" means in respect of a Reference Item:

(i) if in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period] the Cappuccino Barrier Condition is satisfied, Cap Percentage(i);

(ii) otherwise, Coupon Barrier Value(i,k).

"**Cliquet Digital Performance**" means, in respect of a [ST Valuation Date][ST Valuation Period]:

$$\sum_{i=1}^{t} Max[FloorPercentage(i); Min[CapPercentage(i); CouponValue(i)]]$$

"**Constant Percentage[1][2][3][4]**" means [*specify percentage*].

"**Coupon Barrier[1][2][3][4]**" means [*specify amount or percentage or number*].

"**Coupon Barrier Value**" means, in respect of a [Observation Date][ST Coupon Valuation Date] [ST Coupon Valuation Period], [and in respect of [each][of] Reference Item (k[=[*specify*]]) to (k[=[*specify*]])], [*specify defined term from Payout Condition 5.2*]. *(repeat as necessary)*

"**Coupon Lock in**" means:

$$\underset{t=1}{\overset{T}{Max}}\left[\sum_{i=1}^{t} Max[FloorPercentage(i); Min[CapPercentage(i); CouponValue(i)]]\right]$$

"**Coupon Value**" means, in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period] [and in respect of [each][of] Reference Item (k[=[*specify*]]) to (k[=[*specify*]])], [*specify defined term from Payout Condition 5.2*]

"**Current Interest Period**" means, in respect of an Automatic Early Redemption Valuation Date, the Interest Period during which such Automatic Early Redemption Valuation Date falls.

"**Final Coupon Rate**" means the Rate of Interest calculated in respect of the [Current Interest Period][Target Final Interest Period] (the "**Final Interest Period**")

"**Final Day Count Fraction**" means the Day Count Fraction applicable to the Final Interest Period.

"**Final Interest Rate**" means (*insert one of the following*)[*specify*][zero]

(*If capped and guaranteed:*) [the AER Percentage][Target Coupon Percentage] less Paid Coupon Percentage.]

(*If not capped or guaranteed:*) [the Final Coupon Rate multiplied by the Final Day Count Fraction.]

(*If capped only:*) [Min [Final Coupon Rate * Final Day Count Fraction; [AER Percentage][Target Coupon Percentage] - Paid Coupon Percentage].]

(*If guaranteed only:*) [Max [Final Coupon Rate * Final Day Count Fraction; [AER Percentage][Target Coupon Percentage] - Paid Coupon Percentage].]

"**Final Redemption Condition Level [1][2][3][4]**" means [*specify amount or percentage or number*].

"**Final Redemption Value**" means, in respect of a [ST Valuation Date][ST Valuation Period] [and in respect of [each][of] Reference Item (k[=[*specify*]]) to (k[=[*specify*]])] [*specify defined term from Payout Condition 5.2*].

"**Floor Lock in**" means Constant Percentage [1] multiplied by the integer number resulting from the quotient of the Coupon Lock in and Constant Percentage [1].

"**Floor Percentage [1][2]**" means [*specify percentage*].

"**FR Additional Rate**" means [FR Rate][FR MT up Rate][FR Rate DCF][FR Rate MT].

"**FR MT up Rate**" means:

(*insert if cap is applicable*)

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

[Min [Max [Floor Percentage; Leverage * (FR Value - Strike Percentage)]; Cap Percentage] + Constant Percentage].

(*insert if cap is not applicable*)

[Max [Floor Percentage; Leverage * (FR Value - Strike Percentage)] + Constant Percentage].

"**FR Rate**" means [*specify rate*].

"**FR Rate DCF**" means a percentage calculated as the product of the FR Rate and the applicable Day Count Fraction.

"**FR Rate MT**" means the product of (a) [*specify rate*] and (b) the number of [Interest Periods][ST Valuation Dates] from and including the Issue Date to [and including][but excluding] the [Interest Period in which the relevant ST Valuation Date falls][date of the relevant ST Valuation Date].

"**FR Value**" means, in respect of a [ST Valuation Date] [ST Valuation Period][and in respect of [each][of] Reference Item (k[=[*specify*]]) to (k[=[*specify*]])], [*specify defined term from Payout Condition 5.2*].

"**FX**" is the relevant RI FX Level(i) on the relevant Valuation Date or if that is not a Business Day the immediately succeeding Business Day.

"**Himalaya Basket(i)**" means, in respect of a ST Valuation Date(i), a Basket comprising each Reference Item in Himalaya Basket(i-1) but excluding the Reference Item in relation to Best Lock Value(i-1).

"**K**" means [*specify number*], being the total number of Reference Items in the Basket.

"**Knock-in Value**" in respect of a [ST Valuation Date] [ST Valuation Period] [and in respect of [each][of] Reference Item (k[=[specify]]) to (k[=[specify]])] , [specify defined term from Payout Condition 5.2].

"**Knock-out Value**" in respect of a [ST Valuation Date] [ST Valuation Period] [and in respect of [each][of] Reference Item (k[=[specify]]) to (k[=[specify]])] , [specify defined term from Payout Condition 5.2].

"**Ladder Percentage [1][2][3]**" means [*specify percentage*]

"**Ladder Value**" means in respect of an Observation Date:

(i) If, in respect of an Observation Date, Ladder Condition 1 is satisfied, Ladder Percentage 1

(ii) If, in respect of an Observation Date, Ladder Condition 1 is not satisfied but Ladder Condition 2 is satisfied, Ladder Percentage 2

(iii) Otherwise, Ladder Percentage 3

(the above provision (b) may be deleted in case that only one Ladder Condition applies)

"**Leonidas Coupon (i-1)**" means in respect of a ST Coupon Valuation Date, the Leonidas Coupon (i) determined on the ST Coupon Valuation Date immediately preceding such ST Coupon Valuation Date or, in respect of the first ST Coupon Valuation Date, zero.

"**Leonidas Coupon(i)**" means in respect of a ST Coupon Valuation Date

(*insert if Leonidas Coupon is determined considering the Previous Interest included in the rate calculated on the number of days on which the range accrual coupon condition is satisfied*)

Leverage 1 * Rate (i) + Spread(i) + [Leverage 2(i) * Previous Interest (i) + Range-In Leverage(i) * Rate (i) + Range-in Spread(i)]* n/N + [Range Out Leverage(i) * Rate (i) + Range Out Spread(i)]* (N-n)/N

(*insert if Leonidas Coupon is determined considering the previous Leonidas Coupon*)

Leverage 1(i) * Rate(i) + Spread(i) + [Leverage 2(i) * Leonidas Coupon (i-1) + Range-In Leverage(i) * Rate(i) + Range-In Spread(i)) +]* n/N + [Range-Out Leverage(i) * Rate (i) + Range-Out Spread(i)]* (N-n)/N

(*insert if Leonidas Coupon is determined considering Previous Interest regardless of the number of days on which the range accrual coupon condition is satisfied*)

Leverage 1(i) * Rate(i)+ Spread(i) + Leverage 2(i) * Previous Interest + [Range-in Leverage * Rate(i) + Range-in Spread]* n/N + [Range-Out Leverage * Rate (i) + Range-Out Spread]* (N-n)/N

(*insert if Leonidas Coupon is determined considering Previous Leonidas Coupon regardless of the number of days on which the range accrual coupon condition is satisfied*)

Leverage 1(i) * Rate(i) + Spread(i) + Leverage 2(i)* Leonidas Coupon (i-1) + [Range-in Leverage(i) * Rate(i) + Range-in Spread(i)]* n/N + [Range-Out Leverage(i) * Rate (i) + Range-Out Spread(i)]* (N-n)/N

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

"**Leonidas Rate(i)**" means in respect of a ST Coupon Valuation Date:

Leverage 1(i) * Previous Interest (i) + ABS Value(i)? + Spread (i)+ Slope Participation 1 (i)* Slope 1 (i) + Slope Participation 2(i) * Slope 2 (i)

"**Leverage [1][2][3][4]**" means [*specify percentage*].

"**Local Floor Percentage**" means [*specify percentage*].

"**Lower Coupon Barrier [1][2][3][4][n]**" means (*specify percentage*)

"**M**" means a series of ST Valuation Dates or ST Valuation Periods.

"**Max**" followed by a series of amounts inside brackets, means whichever is the greater of the amounts separated by a semi-colon inside those brackets.

"**Min**" followed by a series of amounts inside brackets, means whichever is the lesser of the amounts separated by a semi-colon inside those brackets.

"**Min Coupon**" means [*specify percentage*].

"**Modified Value(i,k)**" means:

(i) if the Coupon Value(i,k) is one of the nfixed greatest value in the basket of the Reference Items, the Best Replace Percentage; and

(ii) otherwise, Coupon Value(i,k).

"**Multiplier Level**" means [*specify percentage*].

"**Multiplier Number**" shall be the number of Observation Dates, in respect of a [ST Valuation Date][ST Valuation Period], that the Multiplier Condition is satisfied.

"**Multiplier Value**" means, in respect of a ST Valuation Date or ST Valuation Period, [*specify defined term from Payout Condition 5.2*].

"**n**" means:

(a) in respect of "Rate of Interest (xxxiii) - Ulises", in respect of a ST Coupon Valuation Date, the number calculated as the number of ST Coupon Valuation Dates (in the period from the Issue Date to and including such ST Coupon Valuation Date); and

(b) in respect of "Rate of Interest (x) - Range Accrual", in respect of a ST Coupon Valuation Date, the number of Range Accrual Days in the relevant Range Period on which the [Range Accrual Coupon Condition][Range Accrual Countdown Condition][Basket Range Accrual Coupon Condition] is satisfied.

(c) in respect of "Rate of Interest (xxxiv) - Leonidas Range Accrual", in respect of a ST Coupon Valuation Date, the number of Range Accrual Days in the relevant Range Period on which the Basket Range Accrual Coupon Condition is satisfied.

"**N**" means in respect of "Rate of Interest (x) Range Accrual", for each ST Coupon Valuation Date, the total number of Range Accrual Days in the relevant Range Period.

"**nfixed**" means [*specify number*].

"**Observation Level [1][2]**" means [*specify amount or percentage or number*]

"**Observation Value**" means in respect of an Observation Date, [*specify defined term from Payout Condition 5.2*]

"**Option FX**": If Option FX is specified as applicable in respect of any Interest Formula(e) in the Final Terms, the RI FX Rate will be applied to the calculation of the relevant payout formula as further specified in the relevant Final Terms.

"**Paid Coupon Percentage**" means, in respect of an Automatic Early Redemption Valuation Date or Target Determination Date, the sum of the values calculated for each Interest Period as the product of (i) the Rate of Interest and (ii) the Day Count Fraction, in each case for such Interest Period preceding the Current Interest Period (in the case of an Automatic Early Redemption Valuation Date) or the Target Final Interest Period (in the case of a Target Determination Date).

"**Physical Delivery Price**" means, in respect of a ST Valuation Date, the RI Closing Value in respect of the Reference Item [with the] [Worst Value][Best Value][Ranked Value][on such ST Valuation Date].

"**Previous Interest**" means, in respect of a ST Coupon Valuation Date, the Rate of Interest determined on the ST Coupon Valuation Date immediately preceding such ST Coupon Valuation Date or, in respect of the first ST Coupon Valuation Date, zero.

"**RA Barrier [1][2][3][4]**" means in respect of a Reference Item, [*specify percentage*].

"**RA Barrier Value**" means, [*specify value from Payout Condition 5.2*][in respect of an ST Coupon Valuation Date and a Reference Item, the [*specify defined term from Payout Condition 5.2*][the Reference Spread].]

"**Range-In Leverage**" means [*specify percentage*].

"**Range-In Spread**" means [*specify percentage*].

"**Range-Out Leverage**" means [*specify percentage*].

"**Range-Out Spread**" means [*specify percentage*].

"**Ranked RI Weighting**" means, in respect of a Reference Item, the percentage specified for the ordinal positioning of the Reference Item in the Ranking.

"**Ranking**" means, in respect of a ST Valuation Date, the ranking of each Reference Item by RI Value from highest RI Value to lowest RI Value in respect of such ST Valuation Date.

"**Rate [A][B][C]**" means, in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period], [*specify fixed rate*][*specify floating rate determined on the basis set out in item 18 of the Final Terms*][Inflation Rate].

"**Rate(n)**" (from n=1 to n=N) means in respect of "Rate of Interest (xxix) – Podium" on any ST Coupon Valuation Date, the rate specified in the Final Terms and associated with the number of Reference Items (from n=1 to n=N) in the Basket for which the Podium Condition is satisfied on the relevant ST Coupon Valuation Date.

"**Redemption Barrier[1][2][3][4]**" means [*specify amount or percentage or number*].

"**Redemption Barrier Value**" means in respect of a ST Redemption Valuation Date] [ST Redemption Valuation Period] [Observation Date][, [and in respect of [each][of] Reference Item (k[=[*specify*]]) to (k[=[*specify*]])], [*specify defined term from Payout Condition 5.2*] (*repeat as necessary*)

"**Reference Item [1][2]….[N]**" means the asset or reference basis specified as such in the applicable Final Terms.

"**Reference Item Rate**" means, in respect of a ST Valuation Date, or a ST Valuation Period, the relevant Rate of Interest determined pursuant to General Condition 4(b) and on the basis of item 27 and/or item 42 of the Final Terms. For this purpose, references in Condition 4(b) to the applicable Rate of Interest being determined for each Interest Period shall be construed to be to such Rate of Interest being determined for the applicable ST Valuation Date or ST Valuation Period. The notification requirements set out in Condition 4(b)(viii) shall not apply where the Rate of Interest or Redemption Amount is determined by reference to a Reference Item Rate only.

"**Reference Spread [1][2]**" means Reference Item Rate [1][2] minus Reference Item Rate [1][2]. (*NB Complete Reference Item Rates 1 and 2 to reflect Screen Rate Determination or ISDA Determination for relevant CMS Rates. Repeat for further Reference Spread(s) as necessary)*

"**RI Weighting**" means, in respect of a Reference Item, [*specify number, amount or percentage*].

"**Slope 1**" means, in respect of a ST Coupon Valuation Date:

Max[0; Slope Percentage 1(i) + Basket Closing Value B]

"**Slope 2**" means, in respect of a ST Coupon Valuation Date:

Max[0; Slope Percentage 2(i) + Basket Closing Value C]

"**Slope Participation [1][2]**" means [*specify percentage*].

"**Slope Percentage [1][2]**" means [*specify percentage*].

"**Spread**" means [*specify percentage*].

"**Strike Percentage [1][2]**" means [*specify percentage*].

"**Sum Rate**" means, in respect of each ST Coupon Valuation Date, the sum of all previous rates for each ST Coupon Valuation Date since (but not including) the last occurring date on which the relevant Barrier Count Condition was satisfied (or if none the Issue Date).

"**T**" means: [*specify number*], being the total number of [ST Coupon Valuation Dates][Observation Dates] from and including the Issue Date to but excluding the Maturity Date as specified in the Final Terms.

"**Target Coupon Percentage**" means [*specify percentage*].

"**Total M**" means: [*specify number*] being the total number of [ST Valuation Dates][ST Valuation Periods] for the Notes.

"**Upper Coupon Barrier [1][2][3]4][n]**" means [*specify percentage*].

"**Weighting**" means [*specify in relation to each Reference Item comprising the Basket*].

5.2 Value Definitions

"**ABS Value**" means in respect of a [ST Valuation Date][ST Valuation Period] the absolute value of [the] [Basket Closing Value [A]][Performance][Basket Performance][Worst Performance][Basket Value].

"**Accumulated Coupon**" means, in respect of a ST Valuation Date, the sum of the values calculated for each Interest Period including the Current Interest Period as [the product of (i)] [each Rate of Interest [and (ii) the Day Count Fraction]], in each case for such Interest Period.

"**Average Basket Value**" means, in respect of a ST Valuation Period, the arithmetic average of the Basket Values on each ST Valuation Date in such ST Valuation Period.

"**Average Best Value**" means, in respect of a ST Valuation Period, the arithmetic average of the Best Values on each ST Valuation Date in such ST Valuation Period.

"**Average Rainbow Value**" means, in respect of a ST Valuation Period, the arithmetic average of the Rainbow Values on each ST Valuation Date in such ST Valuation Period.

"**Average Worst Value**" means, in respect of a ST Valuation Period, the arithmetic average of the Worst Values on each ST Valuation Date in such ST Valuation Period.

"**Barrier Initial Price**" means a price equal to the product of (x) the RI Closing Value for a Reference Item on the [Strike Date][Initial Calculation Date] and (y) the Barrier Percentage Strike Price.

"**Barrier Initial Maximum Price**" means a price equal to the product of (x) the greatest RI Closing Value for a Reference Item on any [Strike Day in the Strike Period] [Initial Calculation Day in the Initial Calculation Period] and (y) the Barrier Percentage Strike Price.

"**Barrier Initial Minimum Price**" means an amount equal to the product of (x) the lowest RI Closing Value for such Reference Item on any [Strike Day in the Strike Period] [Initial Calculation Day in the Initial Calculation Period] and (y) the Barrier Percentage Strike Price.

"**Barrier Initial Average Price**" means an amount equal to the product of (x) the arithmetic average of the RI Closing Values for a Reference Item on each [Strike Day in the Strike Period] [Initial Calculation Day in the Initial Calculation Period] and (y) the Barrier Percentage Strike Price.

"**Basket Closing Value**" means, in respect of a ST Valuation Date and in respect of Reference Item(s) [from (k[=[*specify*]]) to (k[=[*specify*]])], the sum of the values calculated for each Reference Item in the Basket as (a) the RI Closing Value for such Reference Item in respect of such ST Valuation Date multiplied by (b) the relevant RI Weighting.

"**Basket Performance**" means in respect of a ST Valuation Date and in respect of Reference Item(s) [from (k[=[*specify*]]) to (k[=[*specify*]])], (a) the Basket Value [A][B] in respect of such ST Valuation Date minus (b) 100 per cent.

"**Basket Value**" means, in respect of a ST Valuation Date and in respect of Reference Item(s) [from (k[=[*specify*]]) to (k[=[*specify*]])], the sum of the values calculated for each Reference Item in the Basket as (a) the RI Value for such Reference Item in respect of such ST Valuation Date multiplied by (b) the relevant RI Weighting.

"**Basket Intraday Value**" means, in respect of a ST Valuation Date [and any time at which a value for all the Reference Items in the Basket is calculated], the sum of the values calculated for each Reference Item in the Basket at such time as (a) the RI Intraday Value for such Reference Item is calculated in respect of such ST Valuation Date multiplied by (b) the relevant RI Weighting.

"**Best Intraday Value**" means, in respect of a ST Valuation Date, the RI Intraday Value for the Reference Item(s) with the highest or equal highest RI Intraday Value for any Reference Item in the Basket in respect of such ST Valuation Date.

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

"**Best Performance**" means, in respect of a ST Valuation Date, the Performance for the Reference Item(s) with the highest or equal highest Performance for any Reference Item in the Basket in respect of such ST Valuation Date.

"**Best Value**" means, in respect of a ST Valuation Date, the RI Value for the Reference Item(s) with the highest or equal highest RI Value for any Reference Item in the Basket in respect of such ST Valuation Date.

"**FX Average Level**" means the arithmetic average of the RI FX Levels for a Reference Item on each [Strike Day in the Strike Period] [Initial Calculation Day in the Initial Calculation Period].

"**FX Closing Level**" means the RI FX Level for a Reference Item on the [Strike Date][Initial Calculation Date].

"**FX Maximum Level**" means the greatest RI FX Level for a Reference Item on any [Strike Day in the Strike Period] [Initial Calculation Day in the Initial Calculation Period].

"**FX Minimum Level**" means the lowest RI FX Level for a Reference Item on any [Strike Day in the Strike Period] [Initial Calculation Day in the Initial Calculation Period].

"**FX Value**" means, in respect of a Reference Item and any day either: (i) the RI FX Level for such day divided by the RI FX Strike Level or (ii) the RI FX Strike Level divided by the RI FX Level for such day, as specified in the Final Terms.

"**Highest Basket Closing Value**" means, in respect of a ST Coupon Valuation Period, the sum of the values calculated for each Reference Item in the Basket as (a) the Highest RI Closing Value for such Reference Item in respect of such ST Coupon Valuation Period multiplied by (b) the relevant RI Weighting.

"**Highest Basket Value**" means, in respect of a ST Valuation Period, the highest or equal highest Basket Value on any ST Valuation Date in such ST Valuation Period.

"**Highest Best Intraday Value**" means, in respect of a ST Valuation Period, the highest or equal highest Best Intraday Value on any ST Valuation Date in such ST Valuation Period.

"**Highest Best Value**" means, in respect of a ST Valuation Period, the highest or equal highest Best Value on any ST Valuation Date in such ST Valuation Period.

"**Highest Rainbow Value**" means, in respect of a ST Valuation Period, the highest or equal highest Rainbow Value on any ST Valuation Date in such ST Valuation Period.

"**Highest RI Closing Value**" means, in respect of a Reference Item and a ST Coupon Valuation Period, the highest or equal highest RI Closing Value for such Reference Item on any ST Coupon Valuation Date in such ST Coupon Valuation Period.

"**Highest RI Intraday Value**" means, in respect of a Reference Item and a ST Valuation Period, the highest or equal highest RI Intraday Value for such Reference Item on any ST Valuation Date in such ST Valuation Period.

"**Highest RI Value**" means, in respect of a Reference Item and a ST Valuation Period, the highest or equal highest RI Value for such Reference Item on any ST Valuation Date in such ST Valuation Period.

"**Highest Worst Value**" means, in respect of a ST Valuation Period, the highest or equal highest Worst Value on any ST Valuation Date in such ST Valuation Period.

"**Inflation Rate**" means, in respect of a [ST Valuation Date][ST Valuation Period][*specify defined term from Payout Condition 5.2 for a Reference Item which is an Inflation Index*].

"**Initial Average Price**" means for a Reference Item, the arithmetic average of the RI Closing Value for a Reference Item on each [Strike Day in the Strike Period] [Initial Calculation Day in the Initial Calculation Period].

"**Initial Closing Price**" means the RI Closing Value of a Reference Item on [the Strike Date][the Initial Calculation Date].

"**Initial Maximum Price**" means the highest RI Closing Value for a Reference Item on any [Strike Day in the Strike Period] [Initial Calculation Day in the Initial Calculation Period].

"**Initial Minimum Price**" means the lowest RI Closing Value for a Reference Item on any [Strike Day in the Strike Period] [Initial Calculation Day in the Initial Calculation Period].

"**Intraday Level**" means, in respect of an Index and subject to the Index Linked Conditions, an amount equal to the level of such Index as determined by the Calculation Agent at any relevant time during the regular trading session hours of the relevant Exchanges, without regard to after hours or any other trading outside of the regular trading session hours, on the relevant ST Valuation Date [multiplied by the FX Value]

"**Intraday Price**" means, in respect of (i) a Share or an ETF Share or a Fund Share and subject to the Equity Linked Conditions or the ETF Linked Conditions or the Fund Linked Conditions, as applicable, an amount equal to the price of such Share or ETF Share or Fund Share quoted on the relevant Exchange as determined by the Calculation Agent at any relevant time during the regular trading session hours of the relevant Exchange, without regard to after hours or any other trading outside of the regular trading session hours, on the relevant ST Valuation Date [multiplied by the FX Value]; and (ii) a Subject Currency and subject to the Foreign Exchange (FX) Rate Conditions, a rate determined by reference to the definition of Settlement Price in the Foreign Exchange (FX) Conditions by the Calculation Agent and for such purpose the applicable Valuation Time shall be any relevant time on the relevant ST Valuation Date.

"**Inverse Performance**" means, in respect of a Reference Item and a ST Valuation Date, (a) the RI Inverse Value in respect of such day minus (b) 100 per cent. [and multiplied by (c) the FX Value].

"**Lowest Basket Closing Value**" means, in respect of a ST Coupon Valuation Period, the sum of the values calculated for each Reference Item in the Basket as (a) the Lowest RI Closing Value for such Reference Item in respect of such ST Coupon Valuation Period multiplied by (b) the relevant RI Weighting.

"**Lowest Basket Value**" means, in respect of a ST Valuation Period, the lowest or equal lowest Basket Value on any ST Valuation Date in such ST Valuation Period.

"**Lowest Best Value**" means, in respect of a ST Valuation Period, the lowest or equal lowest Best Value on any ST Valuation Date in such ST Valuation Period.

"**Lowest Rainbow Value**" means, in respect of a ST Valuation Period, the lowest or equal lowest Rainbow Value on any ST Valuation Date in such ST Valuation Period.

"**Lowest RI Closing Value**" means, in respect of a Reference Item and a ST Coupon Valuation Period, the lowest or equal lowest RI Closing Value for such Reference Item on any ST Coupon Valuation Date in such Coupon Valuation Period.

"**Lowest RI Intraday Value**" means, in respect of a Reference Item and a ST Valuation Period, the lowest or equal lowest RI Intraday Value for such Reference Item on any ST Valuation Date in such ST Valuation Period.

"**Lowest RI Value**" means, in respect of a Reference Item and a ST Valuation Period, the lowest or equal lowest RI Value for such Reference Item for all the ST Valuation Dates in such ST Valuation Period.

"**Lowest Worst Intraday Value**" means, in respect of a ST Valuation Period, the lowest Worst Intraday Value on any ST Valuation Date in such ST Valuation Period.

"**Lowest Worst Value**" means, in respect of a ST Valuation Period, the lowest or equal lowest Worst Value on any ST Valuation Date in such ST Valuation Period.

"**Performance**" means, in respect of a Reference Item and a ST Valuation Date, (a) the RI Value for such Reference Item in respect of such day minus (b) 100 per cent. [, and multiplied by (c) the FX Value].

"**Performance Difference**" means in respect of a ST Valuation Date, [the Performance for Reference Item (k[=[*specify*]])] [Basket Performance [A]] in respect of such ST Valuation Date minus [the Performance for Reference Item (k[=[*specify*]])][Basket Performance [B]] in respect of such ST Valuation Date.

"**Performing RI Strike Price**" means, in respect of a ST Valuation Date, the RI Initial Value in respect of the Reference Item [with the][Worst Value][Best Value][Ranked Value] [on such ST Valuation Date].

"**Rainbow Value**" means, in respect of a ST Valuation Date, the sum of the values calculated for each Reference Item in the Basket as (a) the RI Value for such Reference Item in respect of such ST Valuation Date multiplied by (b) the relevant Ranked RI Weighting.

"**Ranked Basket Value**" means, in respect of a ST Valuation Date, the Basket Value in respect of the Basket with the [first][second][*specify*] ordinal positioning in the Basket Ranking in respect of such ST Valuation Date.

"**Ranked Value**" means, in respect of a ST Valuation Date, the RI Value in respect of the Reference Item with the [first][second][*specify*] ordinal positioning in the Ranking in respect of such ST Valuation Date.

"**Restrike Performance**" means, in respect of a Reference Item and a ST Valuation Date (a) (i) the RI Closing Value for such Reference Item in respect of such day divided by (ii) the RI Closing Value for such Reference Item in respect of the immediately preceding ST Valuation Date or if none, the [Strike Date][Initial Calculation Date] (b) less 100 per cent.[, and multiplied by (c) the FX Value]

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

"**RI Average Value**" means, in respect of a Reference Item and a ST Valuation Date, [(a)] the arithmetic average of the RI Closing Value for such Reference Item in respect of each [set of] Averaging Date[s] specified in relation to such ST Valuation Date [multiplied by (b) the FX Value].

"**RI Closing Value**" means, in respect of a Reference Item and a ST Valuation Date:

(i) if the relevant Reference Item is an Index, the Settlement Level (as defined in the Index Linked Conditions);

(ii) if the relevant Reference Item is a Share, the Settlement Price (as defined in the Equity Linked Conditions);

(iii) if the relevant Reference Item is an Inflation Index, the Relevant Level (as defined in the Inflation Linked Conditions);

(iv) if the relevant Reference Item is an Exchange Traded Fund, the Settlement Price of the ETF Share (as defined in the ETF Linked Conditions);

(v) if the relevant Reference Item is a Fund, the NAV per Fund Share (as defined in the Fund Linked Conditions);

(vi) if the relevant Reference Item is a Subject Currency, the Settlement Price (as defined in the Foreign Exchange (FX) Rate Linked Conditions);

(vii) [if the relevant Reference Item is a rate of interest, the Reference Item Rate;] and/or

(viii) [if the relevant Reference Item is a Reference Spread, the Reference Spread,]

in each case on such ST Valuation Date.

"**RI FX Level**" means, in respect of a ST Valuation Date, and for the purpose of converting an amount in respect of a Reference Item into the Specified Notes Currency, [the Settlement Exchange Rate on the RI FX Observation Date immediately following such ST Valuation Date.] [the FX rate determined as set out in paragraph 26 in the Final Terms.][(*include relevant rate or page/service and, if applicable, observation time*)[(or any successor to such page or service)] or if it is not reasonably practicable to determine the RI FX Level from such source, the RI FX Level will be determined by the Calculation Agent as the rate it determines would have prevailed but for such impracticability, by reference to any such source(s) and/or any information that the Calculation Agent deems relevant as soon as reasonably practicable thereafter.]

"**RI FX Rate**" means (i) the RI FX Level, (ii) the FX Value or (iii) the number, as specified in the applicable Final Terms

"**RI FX Strike Level**" means, in respect of a Reference Item, [*specify rate*][FX Closing Level][FX Maximum Level][FX Minimum Level][FX Average Level].

"**RI Growing Average Value**" means, in respect of a Reference Item and a ST Valuation Date, the arithmetic average of [(a)][i)] the RI Closing Value for such Reference Item in respect of each Averaging Date[s] specified in relation to such ST Valuation Date on which the RI Closing Value is [equal to or][higher than] the RI Closing Value in respect of the immediately preceding Averaging Date or if none, the RI Initial Value, divided by [ii] the relevant RI Initial Value [multiplied by (b) the FX Value].

"**RI Initial Value**" means, in respect of a Reference Item, [*specify price*] [Initial Closing Price] [Initial Maximum Price] [Initial Minimum Price][Initial Average Price] [Barrier Initial Price] [Barrier Initial Maximum Price] [Barrier Initial Minimum Price] [Barrier Initial Average Price].

"**RI Intraday Level**" means:

(i) if the relevant Reference Item is an Index, the Intraday Level; or

(ii) if the relevant Reference Item is a Share or an ETF Share or a Fund Share, the Intraday Price; or

(iii) if the relevant Reference Item is a Subject Currency, the Intraday Price.

"**RI Intraday Value**" means, in respect of a Reference Item and a ST Valuation Date, [(a)] (i) the RI Intraday Level for such Reference Item in respect of such ST Valuation Date (ii) divided by the relevant RI Initial Value [multiplied by (b) FX Value].

"**RI Inverse Value**" means, in respect of a Reference Item and a ST Valuation Date, [(a)] (i) the RI Initial Value divided by (ii) the [RI Closing Value][RI Average Value] for such Reference Item in respect of such ST Valuation Date [multiplied by (b) the FX Value].

"**RI Restrike Value**" means, in respect of a Reference Item and a ST Valuation Date (a) the RI Closing Value for such Reference Item in respect of such ST Valuation Date divided by (b) the RI Closing Value for such Reference Item in respect of the immediately preceding ST Valuation Date or if none, the [Strike Date][Initial Calculation Date].

"**RI Value**" means, in respect of a Reference Item and a ST Valuation Date, [(a)] (i) the [RI Closing Value][RI Average Value] for such Reference Item in respect of such ST Valuation Date, divided by (ii) the relevant RI Initial Value [multiplied by (b) the FX Value][(expressed as a percentage)].

"**Value Difference**" means, respect of a ST Valuation Date, [the RI Value for Reference Item (k[=[*specify*]])] [Basket Value [A]] in respect of such ST Valuation Date minus [the RI Value for Reference Item (k[=[*specify*]])][Basket Value [B]] in respect of such ST Valuation Date.

"**Worst Intraday Value**" means, in respect of a ST Valuation Date, the RI Intraday Value for the Reference Item(s) with the lowest or equal lowest RI Intraday Value for any Reference Item in the Basket in respect of such ST Valuation Date.

"**Worst Inverse Value**" means, in respect of ST Valuation Date, the RI Inverse Value for the Reference Item(s) with the lowest or equal lowest RI Inverse Value for any Reference Item in the Basket in respect of such ST Valuation Date.

"**Worst Performance**" means, in respect of a ST Valuation Date, the Performance for the Reference Item(s) with the lowest or equal lowest Performance for any Reference Item in the Basket in respect of such ST Valuation Date.

"**Worst Value**" means, in respect of a ST Valuation Date, the RI Value for the Reference Item(s) with the lowest or equal lowest RI Value for any Reference Item in the Basket in respect of such ST Valuation Date.

5.3 Dates and Periods

Payments of interest and principal on the Notes may be associated with ST Valuation Dates and/or ST Valuation Periods, as the case may be, as specified in the Final Terms. For the avoidance of doubt, several set of dates may be used for the determination and calculation of a particular payout. If, as a result of application of any provision of these Conditions, the date on which any determination in respect of a payment or redemption is due to be made (including, without limitation, any Valuation Date) is postponed (the "**Postponed Date**") and would consequently fall on or after such relevant payment or redemption date (including, without limitation any Interest Payment Date or Automatic Early Redemption Date), the date for such payment or redemption shall be postponed to first Business Day immediately succeeding the Postponed Date.

"**Calculation Date**" means [*specify*].

"**Coupon Valuation Date**" shall be the relevant date specified as such in the Final Terms, as may be adjusted in accordance with the definition of 'Valuation Date' or "Fund Valuation Date".

"**Final Calculation Date**" means [*specify*].

"**Initial Calculation Date**" means [*specify*].

"**Range Accrual Cut-Off Date**" means [in respect of [each][a] [Reference Item [(k)][Basket] and] [in respect of any [Range Period] [*specify other period*] [the][each] date specified as such in the Final Terms.] or, otherwise, the date falling [*specify number*] [calendar days] [Business Days] [Scheduled Trading Days (as defined in the [*specify*] Conditions] [*specify other*] before the [Range Period End Date] [*specify other*].

"**Range Accrual Day**" means [an Exchange Business Day][a Scheduled Trading Day][a Business Day][an Interest Determination Date][a calendar day][an Observation Day][*specify*].

"**Range Period**" means [*specify period*][each][the][Interest Period] [(and the final date of each such period, the "**Range Period End Date**")].

"**Redemption Valuation Date**" shall be the relevant date specified as such in the applicable Final Terms, as may be adjusted in accordance with the definition of 'Valuation Date' or "Fund Valuation Date".

"**RI FX Observation Date**" means, in respect of the RI FX level and a ST Valuation Date, the SER Valuation Date (as may be adjusted in accordance with the Settlement Exchange Rate Provisions) immediately following such ST Valuation Date.

"**ST Coupon Valuation Date(s)**" means each [Averaging Date][Coupon Valuation Date][Strike Date][Interest Determination Date][Interest Period End Date][Determination Date][Knock-in Determination Day][Knock-out Determination Day][Settlement Level Date][Settlement Price Date][Valuation Date][Range Accrual Day] [and] [Range Period Cut-Off Date][Observation Date].

"**ST Coupon Valuation Period**" means [the period from and including [*specify*] to and [including][excluding][the immediately following] [*specify*]][each][the][Interest Period][Range Period][Coupon Valuation Date][Observation Period].

"**ST Redemption Valuation Date**" means each [Averaging Date][Settlement Level Date][Settlement Price Date][Determination Date][Calculation Date][Automatic Early Redemption Valuation Date][Knock-in Determination Day][Knock-out Determination Day][Redemption Valuation Date][Final Calculation Date].

"**ST Redemption Valuation Period**" means the period from and including [*specify*] to and including [*specify*].

"**ST Valuation Date**" means each [of the] [Coupon Valuation Date][Strike Date][Redemption Valuation Date][ST Coupon Valuation Date][ST Redemption Valuation Date][Automatic Early Redemption Valuation Date][Knock-in Determination Day][Knock-out Determination Day][Range Accrual Day][Settlement Level Date][Settlement Price Date][Scheduled Trading Day][Calculation Date][Initial Calculation Date][Final Calculation Date][Observation Date].

"**ST Valuation Period**" means each [ST Coupon Valuation Period][ST Redemption Valuation Period][Automatic Early Redemption Valuation Period][Knock-in Determination Period][Knock-out Determination Period][Observation Period].

"**Target Determination Date**" means [*specify date(s)*].

"**Target Final Interest Period**" means the Interest Period ending on but excluding the Maturity Date.

5.4 Conditional Conditions

If one or more conditions defined below are applicable for the determination and calculation of a payout formula(e), the definition shall be inserted, completed and adjusted in the Final Terms in order to take into account any value definitions in Payout Condition 5.2, relevant Date(s) and or Periods, and/or other Variable Data.

"**Barrier Count Condition**" shall be satisfied if, in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period], the [Coupon Barrier Value][Redemption Barrier Value] [for] [each] [any] [Observation Date] [in respect of] [the relevant] [on such] [ST Coupon Valuation Date] [ST Coupon Valuation Period], as determined by the Calculation Agent, is [greater than][less than] [equal to or greater than] [less than or equal to] the [Coupon Barrier][Redemption Barrier].

"**Basket Range Accrual Coupon Condition**" will be deemed satisfied if:

(a) Basket Closing Value [A] for the relevant Range Accrual Day in the applicable Range Period is [(i)] [[equal to or greater than][greater than] the relevant Lower Coupon Barrier [1] and (ii)][[less than or equal][less than] to the relevant Upper Coupon Barrier [1],] and [

(b) Basket Closing Value B for the relevant Range Accrual Day in the applicable Range Period is [(i)] [[equal to or greater than][greater than] the relevant Lower Coupon Barrier [2] and (ii)][[less than or equal][less than] to the relevant Upper Coupon Barrier [2]. and] [

(c) Basket Closing Value C for the relevant Range Accrual Day in the applicable Range Period is [(i)] [[equal to or greater than][greater than] the relevant Lower Coupon Barrier [3] and (ii)][[less than or equal][less than] to the relevant Upper Coupon Barrier [3]]

(*Delete, replicate and complete the above definition multiple times as necessary or set out relevant table*)

[In respect of [each][the] Basket and a Range Accrual Day (other than a Range Accrual Stub Day) which is not a [Business Day][Scheduled Trading Day or is a Disrupted Day] for any Reference Item (k) in the Basket, the Basket Closing Value for such Basket on such day shall be the Basket Closing Value for such Basket on the immediately preceding [Business Day] [Scheduled Trading Day that was not a Disrupted Day] for all Reference Item (k) in the Basket. [The above provisions with regard to the consequences of a Disrupted Day or a day not being a Scheduled Trading Day will prevail over consequences provided for in any applicable Annex.]]

[In respect of [each][the] Basket and the relevant Range Period, the Basket Closing Value in respect of such Basket for each Range Accrual Day after the relevant Range Accrual Cut-Off Date to (and excluding) the Range Period End Date (each a "**Range Accrual Stub Day**") will be deemed to be the Basket Closing Value as of such Range Accrual Cut-off Date.]

"**Cappuccino Barrier Condition**" means, in respect of [a] [the] [Reference Item] [and] a [ST Coupon Valuation Date][ST Coupon Valuation Period], that the Coupon Barrier Value [for] [each] [any] [Observation Date] [in respect of] [the relevant] [on such] [ST Valuation Date][ST Coupon Valuation Period], as determined by the Calculation Agent, is [greater than] [less than][greater than or equal to][less than or equal to] Coupon Barrier.

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

"**Count Barrier Condition**" shall be satisfied if, in respect of an Observation Date, the [Coupon][Redemption] Barrier Value] on such Observation Date in respect of the relevant [ST Coupon Valuation Date] [ST Coupon Valuation Period][ST Redemption Valuation Date][ST Redemption Valuation Period] as determined by the Calculation Agent, is [greater than][less than][equal to or greater than][less than or equal to] the [Coupon Barrier][Redemption Barrier].

"**Coupon Barrier Condition [1]**" means, in respect of [a ST Coupon Valuation Date][a ST Valuation Coupon Period], that the Coupon Barrier Value [for] [each][any] [Observation Date] [in respect of][the relevant] [on such] [ST Coupon Valuation Date][ST Valuation Coupon Period], as determined by the Calculation Agent, is [greater than][less than][greater than or equal to][less than or equal to] [the] Coupon Barrier [1][but is [greater than][less than][greater than or equal to][less than or equal to] Coupon Barrier [2]].

"**Coupon Barrier Condition [2]**" means, in respect of [a ST Valuation Coupon Date][a ST Coupon Valuation Period], that the Coupon Barrier Value [for] [each][any] [Observation Date] [in respect of][the relevant] [on such] [ST Coupon Valuation Date][ST Coupon Valuation Period], as determined by the Calculation Agent, is [greater than][less than][greater than or equal to][less than or equal to] Coupon Barrier [1] but is [greater than][less than][greater than or equal to][less than or equal to] Coupon Barrier [2].

"**Digital Coupon Condition [1]**" means:

(i) in respect of Reference Item [1], that the Coupon Barrier Value for [the] Reference Item [1] [for] [each] [any] [Observation Date] [in respect of] [the relevant] [on such] [ST Coupon Valuation Date] [ST Coupon Valuation Period] as determined by the Calculation Agent is [(i)] [greater than][less than][equal to or greater than][less than or equal to], [the] Coupon Barrier 1 [and (ii) [greater than][less than][equal to or greater than][less than or equal to] Coupon Barrier 2](*insert (ii) if a Coupon Barrier 2 is specified*)[; and

(ii) in respect of Reference Item 2, that the Coupon Barrier Value for Reference Item 2 [for] [each][any] [Observation Date][in respect of][the relevant] [on such] [ST Coupon Valuation Date][in the relevant][ST Coupon Valuation Period] as determined by the Calculation Agent is [(i)] [greater than][less than][equal to or greater than][less than or equal to] Coupon Barrier [1] [and (ii) [greater than][less than][equal to or greater than][less than or equal to], Coupon Barrier [2]] (*insert (ii) if a Coupon Barrier [2] is specified*)](*insert (b) if Reference Item 2 is specified*).

"**Digital Coupon Condition 2**" means in respect of a [ST Coupon Valuation Date][ST Coupon Valuation Period]:

(i) in respect of Reference Item [1], that the Coupon Barrier Value for Reference Item [1] [for] [each][any] [Observation Date][in respect of][the relevant][on such] [ST Coupon Valuation Date][and][ST Coupon Valuation Period] as determined by the Calculation Agent is [(i)] [greater than][less than][equal to or greater than][less than or equal to] Coupon Barrier [3] [and (ii) [greater than][less than][equal to or greater than][less than or equal to] Coupon Barrier [4]]*(insert (ii) if a Coupon Barrier [4] is specified)*[; and

(ii) in respect of Reference Item 2, that the Coupon Barrier Value for Reference Item 2 [for] [each][any][Observation Date][in respect of][the relevant] [on such][ST Coupon Valuation Date][ST Coupon Valuation Period] as determined by the Calculation Agent is [(i)] [greater than][less than][equal to or greater than][less than or equal to] the Coupon Barrier [3] [and (ii) [greater than][less than][equal to or greater than][less than or equal to], the Coupon Barrier [4]] (*insert (ii) if a Coupon Barrier [4] is specified*) (*insert (b) if Reference Item 2 is specified*).

"**Final Redemption Condition**" means, in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period], that the Final Redemption Value [for] [each][any] [Observation Date][in respect of][the relevant][on such] [ST Redemption Valuation Date][ST Redemption Valuation Period], as determined by the Calculation Agent, is [greater than][less than][equal to or greater than][less than or equal to] the Final Redemption Condition Level.

"**Final Redemption Condition [1]**" means, in respect of a [ST Redemption Valuation Date][ST Redemption Valuation Period], that the Final Redemption Value [for] [each][any] [Observation Date][in respect of][the relevant][on such] [ST Redemption Valuation Dates] [ST Redemption Valuation Period], as determined by the Calculation Agent is [greater than][less than][equal to or greater than][less than or equal to] Final Redemption Condition Level 1.

"**Final Redemption Condition [2]**" means, in respect of a [ST Redemption Valuation Date] [ST Redemption Valuation Period] that the Final Redemption Value [for] [each][any] [Observation Date] [in respect of] [the relevant] [on such] [ST Redemption Valuation Date] [in the relevant [ST Redemption Valuation Period], as determined by the Calculation Agent is [greater than][less than][equal to or greater than][less than or equal to] Final Redemption Condition Level [1][, but is [greater than][less than][equal to or greater than][less than or equal to] Final Redemption Condition Level 2.]

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

"**Ladder Condition [1][2]**" means, in respect of an Observation Date, that the Observation Value on such Observation Date, as determined by the Calculation Agent, is [greater than][less than][equal to or greater than][less than or equal to] the Observation Level[1][2].

"**Multiplier Condition**" shall be satisfied if, in respect of an Observation Date, the Multiplier Value on such Observation Date in respect of the relevant [ST Valuation Date][ST Valuation Period], as determined by the Calculation Agent, is [greater than][less than][equal to or greater than][less than or equal to] the Multiplier Level.

"**Podium Condition**" shall be satisfied if, in respect of a Reference Item and a ST Coupon Valuation Date, the Coupon Value for such Reference Item on such ST Coupon Valuation Date, as determined by the Calculation Agent, is [greater than][less than][greater than or equal to][less than or equal to] the Coupon Barrier.

"**Range Accrual Countdown Condition**" [subject as provided below,] will be deemed satisfied if, in respect of each Range Accrual Day in [the][relevant] Range Period [(n)][from and including [*specify*] to [and including][but excluding] [[*specify*] for [each] Reference Item (k[=[*specify*]]), the Coupon Barrier Value for such Reference Item in respect of each such Range Accrual Day is [(i)] [greater than][less than][equal to or greater than][equal to or less than] the relevant [Upper][Lower] Coupon Barrier [*specify number*][and (ii) [greater than][less than][equal to or greater than][equal to or less than] the relevant [Upper][Lower] Coupon Barrier [*specify number*](*insert (ii) if a Coupon Barrier [specify number] is specified*) [as specified in the table below].

(*Replicate and complete the above definition multiple times as necessary or set out relevant table*)

[Table]

Specific Provisions for Range Accrual Countdown Condition:

[In respect of [each] Reference Item (k) and] a Range Accrual Day [(other than a Range Accrual Stub Day)] which is not a [Business Day [for such Reference Item [(k)]]][Scheduled Trading Day or is a Disrupted Day][*specify*] for such Reference Item [(k)], the Coupon Barrier Value for such Reference Item [(k)] on such day shall be the Coupon Barrier Value for such Reference Item [(k)] on the immediately preceding [Business Day[for such Reference Item [(k)]]][Scheduled Trading Day that was not a Disrupted Day][*specify*]. [The above provisions with regard to the consequences of a Disrupted Day or a day not being a Scheduled Trading Day will prevail over consequences provided for in any applicable Annex.]

[In respect of [each] Reference Item (k) and the relevant Range Period, the Coupon Barrier Value in respect of such Reference Item [(k)] for each Range Accrual Day after the relevant Range Accrual Cut-Off Date to (and excluding) the Range Period End Date (each a "**Range Accrual Stub Day**") will be deemed to be the Coupon Barrier Value as of such Range Accrual Cut-off Date.]

"**Range Accrual Coupon Condition**" [subject as provided below] will be deemed satisfied if:

(i) in respect of [each][the] Reference Item (k=*specify*), that the Coupon Barrier Value for such Reference Item for the relevant Range Accrual Day [in the applicable Range Period [(n)]] is [(i)] [greater than][less than][equal to or greater than][less than or equal to] the relevant Coupon Barrier 1 [and (ii) [greater than][less than][equal to or greater than][less than or equal to], the relevant Coupon Barrier 2](*insert (ii) if a Coupon Barrier 2 is specified*)[; and

(ii) [in respect of Reference Item(k=n), that the Coupon Barrier Value for such Reference Item for the relevant Range Accrual Day [in the applicable Range Period [(n)][from and including [*specify*] to [and including][but excluding][[*specify*] [for [each] Reference Item (k[=[*specify*]])] is [(i)] [greater than][less than][equal to or greater than][less than or equal to] the relevant [Upper][Lower] Coupon Barrier [*insert number*] [and (ii) [greater than][less than][equal to or greater than][less than or equal to], the relevant [Upper][Lower] Coupon Barrier [*insert number*]](*insert (ii) if a Coupon Barrier (insert number) is specified*)) [as specified in the table below](*insert this paragraph (ii) if Reference Item(k=n) is specified*). (*Set out relevant table*)

[Table]

Specific Provisions for Range Accrual Coupon Condition:

[In respect of [each] Reference Item (k) and] a Range Accrual Day [(other than a Range Accrual Stub Day)] [which is not a [Business Day [for such Reference Item [(k)]]][[Scheduled Trading Day] or is a Disrupted Day][*specify*] for such Reference Item [(k)], the Coupon Barrier Value for such Reference Item [(k)] on such day shall be the Coupon Barrier Value for such Reference Item [(k)] on the immediately preceding [Business Day [for such Reference Item [(k)]]][Scheduled Trading Day that was not a Disrupted Day][*specify*]. [The above provisions with regard to the consequences of a Disrupted Day or a day not being a Scheduled Trading Day will prevail over consequences provided for in any applicable Annex.]

[In respect of [each] Reference Item (k) and the relevant Range Period, the Coupon Barrier Value in respect of such Reference Item [(k)] for each Range Accrual Day after the relevant Range Accrual Cut-off Date to (but excluding) the Range Period End Date (each a "**Range Accrual Stub Day**") will be deemed to be the Coupon Barrier Value as of such Range Accrual Cut-off Date.]

(*Repeat any of the above paragraphs where relevant in relation to each Reference Item*)

5.5 Enumeration Convention

Without prejudice to any other provision of these Payout Conditions and as a general rule the following suffixes in relation to the payout terms will be used. Other suffix terms may be selected and may be included in the Final Terms with other definitions or provisions from the Payout Conditions:

"**i**" [from i = [*specify*] to i = [*specify*]] or "**m**" [from m = [*specify*] to m = [*specify*]] in relation to the relevant ST Valuation Date or ST Valuation Period.

"**j**" [from j = [*specify*] to j = [*specify*] means the relevant Strike Date.

"**k**" [from k = [*specify*] to k = [*specify*]] means the relevant Reference Item.

"**q**" [from q = [*specify*] to q = [*specify*] or "**t**" [from t = [*specify*] to t = [*specify*] means the relevant Observation Date or ST Valuation Date.

Any of these suffixes will be inserted, completed and explained, if necessary, in the Final Terms and may be tabulated, especially where two or more suffixes apply.

6 Settlement Exchange Rate Provisions

If Settlement Exchange Rate Provisions are specified as applicable in the Final Terms, then notwithstanding the Notes are denominated in, and calculations made in respect of, the Specified Notes Currency (the "**SER Subject Currency**"), as shall be specified in the Final Terms either, (i) all payments or (ii) only those payments to which the Settlement Exchange Rate Provisions are specified to apply, in respect of the Notes shall be made in the Settlement Currency (the "**Settlement Currency**" or the "**SER Base Currency**").

Unless SER – Intermediate Currency Requirements are specified as applicable in the Final Terms, the Calculation Agent will determine the amount to be paid in the SER Base Currency by applying the Settlement Exchange Rate to the amount that would have been payable in the SER Subject Currency were it not for the provisions of this Payout Condition 6.

If SER Intermediate Currency Requirements are specified as applicable in the Final Terms, the Calculation Agent will determine the amount to be paid in the SER Base Currency by (i) applying the Settlement Exchange Rate to the amount that would have been payable in the SER Subject Currency were it not for the provisions of this Payout Condition 6 to produce an amount denominated in the SER Intermediate Currency, and then (ii) applying the Second Settlement Exchange Rate to such amount denominated in the SER Intermediate Currency.

Any such payment shall be made on the date such payment would have otherwise been due provided that, if limb (b) of the definition of "Settlement Exchange Rate" below applies, such payment may be deferred in accordance with Payout Condition 6.1(e) below if the SER Valuation Date is postponed as set out herein. No additional interest or other amount shall be payable in respect of any such delay.

6.1 SER Valuation and Disruption Provisions

The provisions of this Payout Condition 6.1 apply only in respect of the SER Subject Currency, where Settlement Exchange Rate Provisions are specified as applicable in the Final Terms and limb (b) and/or (c) of the definition of "Settlement Exchange Rate" below applies.

(a) SER Disruption Events

The occurrence of any of the following events shall be a "**SER Disruption Event**":

Where the Settlement Exchange Rate is specified in the Final Terms as USD/PEN, USD/CLP or USD/COP, unless otherwise specified in the Final Terms, the occurrence of a Price Source Disruption, or any other event that, in the opinion of the Calculation Agent, is analogous thereto and/or, where so specified in the Final Terms, the occurrence of any of the events set out in sub-paragraphs (ii) to (viii) below or any other event that in the option of the Calculation Agent is analogous thereto.

In respect of any other Settlement Exchange Rate, if so specified in the Final Terms, the occurrence of any of the following events:

(i) Price Source Disruption;

(ii) Illiquidity Disruption;

(iii) Dual Exchange Rate;

(iv) General Inconvertibility;

(v) General Non-Transferability;

(vi) Material Change in Circumstance;

(vii) Nationalisation;

(viii) Price Materiality; and/or

any other event that, in the opinion of the Calculation Agent, is analogous to any of (i) to (viii) above.

The Calculation Agent shall give notice as soon as practicable to Noteholders in accordance with General Condition 13 of the occurrence of a SER Disrupted Day on any day that but for the occurrence of the SER Disrupted Day would have been a SER Valuation Date.

(b) Consequences of a SER Disruption Event

Upon a SER Disruption Event occurring or continuing on any SER Valuation Date (or, if different, the day on which prices for that date would, in the ordinary course, be published by the relevant SER Price Source) as determined by the Calculation Agent, the Calculation Agent shall apply in determining the consequences of the SER Disruption Event: (a) Calculation Agent Determination where the applicable SER Disruption Event is other than Price Source Disruption or Price Materiality; and (b) the applicable SER Disruption Fallback where the applicable SER Disruption Event is a Price Source Disruption or Price Materiality.

(c) SER Unscheduled Holiday

If the Calculation Agent determines that a date that would otherwise have been a SER Valuation Date is a SER Unscheduled Holiday in respect of the SER Subject Currency then such date shall be the immediately succeeding SER Scheduled Trading Day after the occurrence of the SER Unscheduled Holiday, subject as provided above, and Provided That if such SER Valuation Date has not occurred on or before the SER Maximum Days of Postponement then the next SER Scheduled Trading Day after such period that would have been a SER Scheduled Trading Day but for the SER Unscheduled Holiday shall be deemed to be the relevant date for valuation and the Settlement Exchange Rate shall be determined by the Calculation Agent on such day in its sole discretion acting in good faith having taken into account relevant market practice and by reference to such additional source(s) as it deems appropriate.

(d) SER Cumulative Events

If "SER Cumulative Events" is specified as applicable in the Final Terms, then, in no event shall the total number of consecutive calendar days during which a SER Valuation Date is deferred due to either (i) a SER Unscheduled Holiday or (ii) a SER Valuation Postponement (or a combination of both (i) and (ii)) exceed the SER Maximum Cumulative Days of Postponement in the aggregate. If a SER Valuation Date is postponed by the number of calendar days equal to the SER Maximum Cumulative Days of Postponement and at the end of such period (i) a SER Unscheduled Holiday shall have occurred or be continuing on the day immediately following such period (the "**Final Day**"), then such Final Day shall be deemed to be the relevant SER Valuation Date and (ii) if a Price Source Disruption shall have occurred or be continuing on the Final Day, then Valuation Postponement shall not apply and the Settlement Exchange Rate shall be determined in accordance with the next applicable SER Disruption Fallback. Unless otherwise specified in the Final Terms, SER Cumulative Events will be deemed to be specified as applicable for the purposes of this Condition (d) if the Settlement Exchange Rate is specified in the Final Terms as either USD/PEN, USD/CLP or USD/COP.

(e) Postponement of payment or settlement days

Where any SER Valuation Date is postponed as a consequence of the provisions of this Payout Condition 6.1, then the corresponding date for payment or delivery of any assets shall fall on the later of (a) the date for such payment or delivery otherwise determined in accordance with the Final Terms and (b) (i) where the Settlement Exchange Rate is specified in the Final Terms as USD/PEN, USD/CLP or USD/COP, the day falling two SER Number of Postponement Settlement Days after the SER Valuation Date, unless otherwise specified in the Final Terms, and (ii) in the case of any other Settlement Exchange Rate, the day falling the SER Number of Postponement Settlement Days specified in the Final Terms (or, if none are so specified, two Business Days) after the SER Valuation Date.

6.2 Consequences of a SER Additional Disruption Event

Other than where limb (a) of the definition of "Settlement Exchange Rate" below applies, if the Calculation Agent determines that a SER Additional Disruption Event has occurred, the Issuer may redeem the Notes by giving notice to Noteholders in accordance with General Condition 13. If the Notes are so redeemed the Issuer will pay an amount to each Noteholder in respect of each Note held by him which amount shall be the fair market value of a Note, taking into account the SER Additional Disruption Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 13.

6.3 Definitions

"**Change in Law**" means that, on or after the Trade Date (as specified in the 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 Issuer determines in its sole and absolute discretion that it is unable to perform its obligations in respect of the Notes or it has become illegal to hold, acquire or dispose of any relevant hedge positions in respect of the Notes.

"**Dual Exchange Rate**" means that the SER Subject Currency splits into dual or multiple currency exchange rates.

"**EMTA**" means EMTA, Inc., the trade association for the Emerging Markets.

"**Exchange Rate Divergence**" means:

(i) if the Settlement Exchange Rate specified in the Final Terms is USD/ARS, that, in the reasonable opinion of not less than 5 unaffiliated EMTA Members notified to EMTA (or its successor) by no later than 4 p.m., Buenos Aires time on the SER Valuation Date, the SER Price Source has failed, for a period of not less than three consecutive SER Scheduled Trading Days (for any reason, including due to a split in the currency exchange rate or other event) to reflect the current prevailing Argentine Peso bid and offer rates for a standard size Argentine Peso/U.S. Dollar financial transaction for same-day settlement in the Buenos Aires marketplace on the SER Valuation Date; and

(ii) if the Settlement Exchange Rate specified in the Final Terms is USD/BRL, that, in the reasonable and independent judgement, as notified to EMTA in accordance with the EMTA BRL Exchange Rate Divergence Procedures, of not less than 7 unaffiliated EMTA members that are recognised market makers active in the BRL/U.S. Dollar foreign exchange market (no less than 4 of which shall be active participants in the onshore BRL/USD spot market), the SER Price Source (following a split of the exchange rates in Brazil or otherwise) no longer reflects the then-prevailing Brazilian Reais / U.S. Dollar spot rate for standard-size wholesale financial transactions involving the exchange of Brazilian Reais for U.S. Dollars delivered outside of Brazil, and

(iii) if the Settlement Exchange Rate specified in the Final Terms is a rate other than USD/ARS or USD/BRL but, it is specified in the relevant EMTA Template Terms as determined by the Calculation Agent as of the Issue Date and in respect of such Settlement Exchange Rate, that Price Source Disruption shall include Exchange Rate Divergence, then Exchange Rate Divergence shall have the meaning given in the relevant EMTA Template Terms with respect to such Settlement Exchange Rate.

"**General Inconvertibility**" means the occurrence of any event that generally makes it impossible to convert a SER Subject Currency into the SER Base Currency or a SER Subject Currency into the SER Intermediate Currency in a SER Subject Currency Jurisdiction through customary legal channels.

"**General Non-Transferability**" means the occurrence of any event that generally makes it impossible to deliver (A) the SER Base Currency from accounts inside a SER Subject Currency Jurisdiction to accounts outside a SER Subject Currency Jurisdiction or (B) the SER Subject Currency between accounts inside a SER Subject Currency Jurisdiction or to a party that is a non-resident of a SER Subject Currency Jurisdiction.

"**Governmental Authority**" means (i) any *de facto or de jure* government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or (ii) any other entity (private or public) charged with the regulation of the financial markets (including the central bank), in each case in any relevant jurisdiction.

"**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 any relevant price risk of the Issuer issuing and performing its obligations with respect to the

Notes, or (B) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

"**Illiquidity Disruption**" means the occurrence of any event in respect of the SER Subject Currency whereby it becomes impossible for the Calculation Agent to obtain a firm quote for such currency in an amount deemed necessary by the Calculation Agent to hedge its obligations under the Notes (in one or more transaction(s)) on the relevant SER Valuation Date (or, if different, the day on which rates for such SER Valuation Date would, in the ordinary course, be published or announced by the relevant SER Price Source).

"**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 market risk (including, without limitation foreign exchange risk and interest rate 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.

"**Initial Settlement Exchange Rate**" or "**Initial SER**" means the rate specified as such in the Final Terms.

"**Second Settlement Exchange Rate**" means the rate published on the price source (or successor to such source) at the observation time, both specified as such in the Final Terms, for the exchange of the SER Settlement Currency per one unit of the SER Intermediate Currency, however, (i) if it is not reasonably practicable to determine such rate at such time due to a SER Disruption Event or such other delay or postponement in converting the SER Base Currency into the SER Intermediate Currency, the Calculation Agent shall, subject to the consequence of such event, observe such rate as soon as practicable once the conversion into the Intermediate Currency has taken place, or (ii) if it is not reasonably practicable to determine the Second Settlement Exchange Rate from such source, the Second Settlement Exchange Rate will be determined by the Calculation Agent as the rate it determines would have prevailed but for such impracticability by reference to such source(s) as it deems appropriate for the exchange of the SER Intermediate Currency per one unit of the SER Base Currency at or about the time and by reference to such source(s) as the Calculation Agent deems appropriate.

"**Material Change in Circumstance**" means the occurrence of any event (other than those events specified as SER Disruption Events) in the SER Subject Currency Jurisdiction beyond the control of the parties to a hedging arrangement in respect of the Notes which makes it impossible (A) for a party to fulfil its obligations under the hedging arrangement or (B) generally to fulfil obligations similar to such party's obligations under that hedging arrangement.

"**Nationalisation**" means any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives a party to a hedging arrangement in respect of the Notes of all or substantially all of its assets in the SER Subject Currency Jurisdiction.

"**Price Materiality**" means that, in the determination of the Calculation Agent, the SER Primary Rate differs from any SER Secondary Rate by at least the SER Price Materiality Percentage or if there are insufficient responses on the relevant SER Valuation Date to any survey used to calculate any such rate, then the SER Price Materiality Percentage will be deemed to be met.

"**Price Source Disruption**" means in respect of any date on which a calculation is due to be made in accordance with these Settlement Exchange Rate provisions, that it becomes impossible to obtain the rate or rates from which the Settlement Exchange Rate is calculated and, where the Settlement Exchange Rate is specified in the Final Terms as:

(i) USD/ARS;

(ii) USD/BRL; or

(iii) any other Settlement Exchange Rate in respect of which the Calculation Agent determines that, as of the Issue Date, the relevant EMTA Template Terms for such rate (if any) specifies that Price Source Disruption includes Exchange Rate Divergence,

then Price Source Disruption shall include Exchange Rate Divergence.

"**Relevant Screen Page**" means the relevant page specified as such in the Final Terms or any successor to such page or service acceptable to the Calculation Agent.

"**Settlement Currency**" or "**SER Base Currency**" means the currency specified as such in the Final Terms.

"**Settlement Exchange Rate**" means (a) the rate specified as such in the Final Terms, (b) if no such rate is specified and, subject as referred to in Payout Condition 6.1 above, the rate of exchange appearing on the SER Price Source at the

SER Valuation Time on the relevant SER Valuation Date for the exchange of the SER Subject Currency per one unit of the SER Base Currency for settlement on the SER Number of Settlement Days; or (c) if SER Intermediate Currency Requirements are specified as applicable in the Final Terms and no rate is specified as the Settlement Exchange Rate in the Final Terms, the rate of exchange appearing on the SER Price Source at the SER Valuation Time on the relevant SER Valuation Date for the exchange of the SER Subject Currency per one unit of the SER Intermediate Currency for settlement on the SER Number of Settlement Days.

"**SER Additional Disruption Event**" means (i) (unless specified otherwise in the Final Terms) Change in Law, or (ii) Hedging Disruption or Increased Cost of Hedging, if specified in the Final Terms.

"**SER Disrupted Day**" means any SER Scheduled Trading Day on which the Calculation Agent determines that a SER Disruption Event has occurred.

"**SER Disruption Fallback**" means a source or method that may give rise to an alternative basis for determining the Settlement Exchange Rate, when a SER Disruption Event occurs or exists on a day that is a SER Valuation Date (or, if different, the day on which prices for that date would, in the ordinary course, be published or announced by the SER Price Source) being,

(i) where the Settlement Exchange Rate is specified in the Final Terms as USD/PEN, USD/CLP or USD/COP in the following order: Valuation Postponement and Calculation Agent Determination (unless otherwise specified in the Final Terms); and

(ii) in the case of any other Settlement Exchange Rate, any of Calculation Agent Determination, First Fallback Reference Price, Second Fallback Reference Price and Valuation Postponement, as so specified in the Final Terms for such SER Subject Currency.

Where more than one SER Disruption Fallback is so specified then such SER Disruption Fallbacks shall apply in the order in which they are specified either in (i) or (ii) above or in the Final Terms until the Settlement Exchange Rate can be determined for such exchange rate relating to that SER Settlement Currency, for such SER Valuation Date.

Where:

"**Calculation Agent Determination**" means that the Calculation Agent shall determine the Settlement Exchange Rate, taking into consideration all information that it deems relevant. If the Calculation Agent determines that it is not possible to determine the Settlement Exchange Rate, the Issuer may early redeem all but not some only of the Notes pursuant to General Condition 6(f).

"**First Fallback Reference Price**" means that the Calculation Agent shall determine the Settlement Exchange Rate, by reference to the applicable First Fallback Reference Price and, for which purpose, references in the definition of Settlement Exchange Rate, to "SER Price Source", "SER Valuation Time" and "SER Number of Settlement Days" shall be construed, respectively, to be to "SER First Fallback Price Source", "SER First Fallback Valuation Time" and "SER First Fallback Number of Settlement Days" (in each case, where such terms shall have the meanings given to them in the Final Terms).

"**Second Fallback Reference Price**" means that the Calculation Agent shall determine the Settlement Exchange Rate by reference to the applicable Second Fallback Reference Price and, for which purpose, references in the definition of Settlement Exchange Rate to "SER Price Source", "SER Valuation Time" and "SER Number of Settlement Days" shall be construed, respectively, to be to "SER Second Fallback Price Source", "SER Second Fallback Valuation Time" and "SER Second Fallback Number of Settlement Days" (in each case, where such terms shall have the meanings given to them in the Final Terms).

"**SER Intermediate Currency**" means the currency specified as such in the applicable Final Terms.

"**SER Maximum Cumulative Days of Postponement**" means (i) where the SER Subject Currency is PEN, CLP or COP, 30 calendar days, unless otherwise specified in the Final Terms, and (ii) for any other SER Subject Currency, the number of days specified as such in the Final Terms or, if no such number is specified, 30 calendar days.

"**SER Maximum Days of Postponement**" means the number of days specified as such in the Final Terms or, if no such number is specified, 30 calendar days.

"**SER Number of Settlement Days**" means, in respect of a SER Subject Currency, the number of days on which commercial banks are open (or, but for the occurrence of a SER Disruption Event would have been open) for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the SER Settlement Day Centre(s) (each, a "**SER Settlement Day**"). Where no such number or zero is so specified, then such rate shall be for settlement on the same day, provided that (i) where the Subject Currency is CLP, unless otherwise specified in the Final Terms, the SER Number of Settlement Days shall be deemed to be 1 and (ii) where the Subject

ADDITIONAL TERMS AND CONDITIONS FOR PAYOUTS

Currency is PEN or COP, unless otherwise specified in the Final Terms, the SER Number of Settlement Days shall be deemed to be zero.

"**SER Price Materiality Percentage**" means the percentage specified as such in the Final Terms or, if no such percentage is specified, 3 per cent.

"**SER Price Source**" means:

(a) where the Settlement Exchange Rate is specified in the Final Terms as USD/PEN, unless otherwise specified in the Final Terms, in respect of a SER Valuation Date the "PEN INTERBANK AVE (PEN05) Rate" being the PEN/USD average exchange rate in the interbank market, expressed as the amount of PEN per one USD for settlement on the same day, reported by the Banco Central de Perú (www.bcrp.gob.pe) (or any successor or replacement to such page) as the "Tipo de Cambio Interbancario Promedio" at approximately 2.00 p.m. Lima Time (the "**SER Valuation Time**") on that SER Valuation Date;

(b) where the Settlement Exchange Rate is specified in the Final Terms as USD/CLP, unless otherwise specified in the Final Terms, in respect of a SER Valuation Date the "CLP DÓLAR OBS (CLP 10)" rate being the USD/CLP exchange rate, expressed as the amount of CLP per one USD, for settlement in one SER Scheduled Trading Day reported by the Banco Central de Chile (www.bcentral.cl) (or any successor or replacement to such page) as the "Dólar Observado" rate by no later than 10.30 a.m. Santiago time (the "**SER Valuation Time**"), on the first SER Scheduled Trading Day following that SER Valuation Date (or any successor or replacement to such page);

(c) where the Settlement Exchange Rate is specified in the Final Terms as USD/COP, unless otherwise specified in the Final Terms, in respect of a SER Valuation Date the "COP TRM (COP02) Rate" being the USD/COP exchange rate for such day, expressed as the amount of COP per one USD, for settlement on the same day reported by the Colombian Financial Superintendency as published on its website (www.banrep.gov.co) (or any successor or replacement to such page) as the "Tasa Representativa del Mercado (TRM)" (also referred to as the "Tasa de Cambio Representativa del Mercado" (TCRM)) by no later than 10.30 a.m. Bogotá time (the "**SER Valuation Time**") on the first SER Scheduled Trading Day following such SER Valuation Date; or

(d) for any other Settlement Exchange Rate, such other price source(s) specified as such in the Final Terms,

or any successor to such price source(s) as determined by the Calculation Agent.

"**SER Primary Rate**" means the rate specified as such in the Final Terms.

"**SER Secondary Rate**" means the rate specified as such in the Final Terms.

"**SER Settlement Day Centres**" means (i) where the Settlement Exchange Rate is specified in the Final Terms as USD/PEN, USD/COP or USD/CLP, New York (unless otherwise specified in the Final Terms) and (ii) for any other Settlement Exchange Rate, each SER Settlement Day Centre specified as such in the Final Terms.

"**SER Scheduled Trading Day**" means a day on which commercial banks are open (or, but for the occurrence of a SER Disruption Event would have been open) for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the or each SER Scheduled Trading Day City specified in the Final Terms provided that where the SER Subject Currency is BRL, then notwithstanding the foregoing, if the relevant SER Valuation Date falls on a date that, as at the Trade Date, is not a scheduled day on which commercial banks are open (or, but for the occurrence of a Disruption Event would have been open) for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in New York City (an "**NYC Business Day**") then no adjustment to such date shall be made on account of the fact that such date is not an NYC Business Day.

"**SER Scheduled Trading Day City/Cities**" means (i) where the Settlement Exchange Rate is specified in the Final Terms as USD/PEN, the SER Scheduled Trading Day City/Cities shall be, unless otherwise specified in the Final Terms, New York City and Lima, (ii) where the Settlement Exchange Rate is specified in the Final Terms as USD/CLP, the SER Scheduled Trading Day City/Cities shall be, unless otherwise specified in the Final Terms, in New York City and Santiago; (iii) where the Settlement Exchange Rate is specified in the Final Terms as USD/COP, the SER Scheduled Trading Day City/Cities shall be, unless otherwise specified in the Final Terms, New York City and Bogotá; and (iv) in other cases the city or cities specified in the Final Terms.

"**SER Subject Currency**" means the currency specified as such in the Final Terms.

"**SER Subject Currency Jurisdiction**" means each country for which the SER Subject Currency is the lawful currency or each country for which the SER Intermediate Currency is the lawful currency, as the case may be.

"**SER Unscheduled Holiday**" means a day that is not a SER Scheduled Trading Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00a.m. local time in the principal financial centre of the SER Subject Currency, two SER Scheduled Trading Days prior to the relevant scheduled SER Valuation Date.

"**SER Valuation Date**" means any date specified as such in the Final Terms or, if such day is not a SER Scheduled Trading Day, the immediately preceding SER Scheduled Trading Day and, in the event of a SER Unscheduled Holiday, subject to adjustment as set out in Payout Condition 6.1(c) above, unless, in the opinion of the Calculation Agent, the resultant day is a SER Disrupted Day, in which case the provisions of Payout Condition 6.1(b) shall apply. Where the amount so due is the Early Redemption Amount, then the SER Valuation Date shall be deemed to be the fifth SER Scheduled Trading Day prior to the date of early redemption of the Notes.

"**SER Valuation Time**" means, unless otherwise specified in the Final Terms, (i) where the Settlement Exchange Rate is specified in the Final Terms as USD/PEN, approximately 2.00 p.m. Lima Time on the SER Valuation Date, (ii) where the Settlement Exchange Rate is specified in the Final Terms as USD/CLP, no later than 10.30 a.m. Santiago time on the first SER Scheduled Trading Day following the SER Valuation Date, (iii) where the Settlement Exchange Rate is specified in the Final Terms as USD/COP, no later than 10.30 a.m. Bogotá time on the first SER Scheduled Trading Day following the SER Valuation Date, or (iv) the time at which the SER Price Source publishes the relevant rate or rates from which the Settlement Exchange Rate is calculated.

"**Valuation Postponement**" means that the Settlement Exchange Rate, shall be determined on the immediately succeeding SER Scheduled Trading Day which is not a SER Disrupted Day unless the Calculation Agent determines that no such SER Scheduled Trading Day which is not a SER Disrupted Day has occurred on or before the day falling the SER Maximum Days of Postponement following the originally designated SER Valuation Date, as the case may be. In such event, the Settlement Exchange Rate shall be determined on the next SER Scheduled Trading Day after the SER Maximum Days of Postponement (notwithstanding the fact that day may be a SER Disrupted Day) in accordance with the next applicable SER Disruption Fallback.

7 UVR Inflation-Adjusted Notes

If UVR Inflation-Adjusted Notes Provisions are specified as applicable in the Final Terms.

(a) Amounts denominated in Colombian Peso (including any Aggregate Nominal Amount, Calculation Amount or Specified Denomination) will be adjusted by the Calculation Agent by reference to the UVR Index on the Specified Number of COP/UVR Business Days prior to the date of scheduled payment of any amounts due ("**The Colombian Peso UVR Adjusted Amount**")

(b) Definitions:

"**COP/UVR Business Day**" means a day on which commercial banks for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market in Bogota and New York City).

"**IPC**" means, with respect to any period, the Colombian Consumer Price Index (*Índice de Precios as Consumidor*) that is published monthly and certified by the National Administrative Department of Statistics (*Departamento Administrativo Nacional de Estadistica* or "**DANE**") or by any other authority succeeding to its functions and capacities from time to time.

"**Specified Number of COP/UVR Business Days**" shall be as set out in the Final Terms.

"**UVR**" means Unidad de Valor Real or Unidad de Valor Constante, which, as set out in Article 3 of Law 546 of 1999 of Colombia, is the unit of adjustment to the COP based on the variation of the IPC and expressed as the amount of COP per unit of UVR as published and outstanding at the relevant time on the website of the Colombian Central Bank: (Banco de la República de Colombia): http://www.banrep.gov.co/es/unidad-valor-real-uvr under the heading "Unidad de valor real (UVR)", calculated by the Colombia Central Bank in accordance with Resolución Externa No. 13 de 2000.

If the UVR is wholly replaced or substituted entirely for another unit by the Colombian Central Bank, references to UVR will be to the unit replacing or substituting the UVR to the extent that (a) such unit is determined by the Colombian Central Bank, (b) such unit is applicable to commercial transactions and (c) such unit is published on the web site of the Colombian Central Bank or another official publication in Colombia in respect of any given date. In the event (i) UVR is no longer published by or available from the Colombian

Central Bank, or (ii) UVR is wholly replaced or substituted entirely for another unit that is not determined by the Colombian Central Bank or (iii) UVR for a determination date is not available on the applicable determination date, UVR will be determined by the Calculation Agent (in its sole discretion).

"**UVR Inflation-Adjusted Notes**" means Notes denominated in Colombian Pesos which is adjusted by reference to UVR Index and in respect of which payment will be made in the Settlement Currency.

"**UVR Index**" means in respect of a COP/UVR Business Day, the result of (a) the UVR on such day divided by (b) the Initial UVR, provided that if the result of such calculation is less than one, the UVR Index shall be one for the purpose of determining the Final Redemption Amount only.

"**Initial UVR**" means the UVR specified in the Final Terms.

ANNEX 2

ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTES

*If specified as applicable in the Final Terms, the terms and conditions applicable to Index Linked Notes shall comprise the General Conditions and the additional terms and conditions for Index Linked Notes set out below (the "**Index Linked Conditions**"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms and subject to completion in the Final Terms. In the event of any inconsistency between the General Conditions and the Index Linked Conditions, the Index Linked Conditions shall prevail. In the event of any inconsistency between the Index Linked Conditions and the Payout Conditions, the Payout Conditions shall prevail.*

1. Disrupted Day

The Calculation Agent shall give notice as soon as practicable to the Issuer and the Issuer shall give notice as soon as practicable to the Guarantor, the Principal Paying Agent and the Noteholders in accordance with General Condition 13 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Automatic Early Redemption Valuation Date, an Averaging Date, a Knock-in Determination Day or a Knock-out Determination Day, an Observation Date or a Valuation Date, as the case may be.

2. Adjustments to an Index

(a) Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (the "**Successor Index Sponsor**") acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that index (the "**Successor Index**") will be deemed to be the Index.

(b) Modification and Cessation of Calculation of an Index

If (i) on or prior to the last Automatic Early Redemption Valuation Date, the last Averaging Date, last Knock-in Determination Day, last Knock-out Determination Day, last Observation Date or last 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, contracts or commodities and other routine events) (an "**Index Modification**"), or permanently cancels a relevant Index and no Successor Index exists (an "**Index Cancellation**"), or (ii) on an Automatic Early Redemption Valuation Date, an Averaging Date, a Knock-in Determination Day or Knock-out Determination Day, an Observation Date or a Valuation Date, as the case may be, 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:

(i) the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall calculate the relevant Settlement Level using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Automatic Early Redemption Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day, Observation Date or 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) where the Issuer determines that no adjustment has been proposed by the Related Exchange and that no other action will produce a commercially reasonable result, the Issuer, in its sole and absolute discretion may, on giving notice to Noteholders in accordance with General Condition 13:

(i) redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the fair market value of a Note, taking into account the Index Adjustment Event (the "**Calculated Index Adjustment Amount**") less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Modified Calculated Index Adjustment Amount**"), all as determined by the Calculation Agent in its sole and absolute discretion as soon as practicable following the occurrence of the relevant Index Adjustment Event (the "**Calculated Index Adjustment Amount Determination Date**"); or

(ii) require the Calculation Agent to determine the Calculated Index Adjustment Amount on the Calculated Index Adjustment Amount Determination Date, and redeem each Note on the scheduled Maturity Date by payment of the Calculated Index Adjustment Amount. For avoidance of any doubt, the Calculated Index Adjustment Amount shall not accrue any interest from the date of its calculation to the Maturity Date.

In relation to paragraphs (A) and (B) above, notwithstanding General Condition 4(g), each Note shall cease to bear interest from and including the Calculated Index Adjustment Amount Determination Date and no interest amounts scheduled for payment thereafter (including, for the avoidance of doubt, including any Specified Interest Amounts) shall be payable.

(iii) Notwithstanding (i) and (ii) above, if there are any options or future contracts of the Index traded on the Related Exchange, the Calculation Agent may instead in its sole and absolute discretion, upon the occurrence of an Index Adjustment Event, make the corresponding adjustments made on any Related Exchange (an "**Exchange Based Adjustment**").

(c) Notice

Upon the occurrence of an Index Adjustment Event, the Calculation Agent shall, as soon as practicable, other than in the case of an Exchange Based Adjustment notify the Issuer of any determination made by it pursuant to paragraph (b) above and the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 stating the occurrence of the Index Adjustment Event, giving details thereof and the action proposed to be taken in relation thereto, provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Index Adjustment Event or the proposed action.

3. Correction of Index

With the exception of any corrections published after the day which is three Exchange Business Days prior to the due date for any payment under the Notes calculated by reference to the level of an Index, if the relevant level of the Index published on a given day which is used or to be used by the Calculation Agent to make any determination under the Notes is subsequently corrected and the correction is published by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor, (i) in respect of a Composite Index, no later than five Exchange Business Days following the date of the original publication or, (ii) in respect of an Index which is not a Composite Index, within the number of days equal to the Index Correction Period of the original publication, the level to be used shall be the level of the Index as so corrected. Corrections published after the day which is three Exchange Business Days prior to a due date for payment under the Notes calculated by reference to the level of the Index will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

4. Additional Disruption Events

(a) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (if applicable) (iii) below:

(i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to the Weighting and/or any of the other terms of the General Conditions, these Index Linked Conditions and/or the Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or

(ii) redeem the Notes by giving notice to Noteholders in accordance with General Condition 13. If the Notes are so redeemed the Issuer will pay an amount to each Noteholder in respect of each Note held by him which amount shall be the fair market value of a Note, taking into account the Additional Disruption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Additional Adjustment Amount**"), all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 13; or

(iii) require the Calculation Agent to calculate the Calculated Additional Disruption Amount as soon as practicable following the occurrence of the Additional Disruption Event (the "**Calculated Additional Disruption Amount Determination Date**") and on the Maturity Date shall redeem each Note at an amount calculated by the Calculation Agent equal to (x) the Calculated Additional Disruption Amount plus interest accrued on the Calculated Additional Disruption Amount on a daily basis from and including the Calculated Additional Disruption Amount Determination Date to but excluding the

Maturity Date, each such daily accrual rate being at a rate equal to Issuer's funding cost on or about the relevant day or (y) if greater, at its nominal amount.

(b) Upon the occurrence of an Additional Disruption Event, if the Calculation Agent determines that an adjustment in accordance with the above provisions is necessary it shall notify the Issuer thereof as soon as practicable and the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 stating the occurrence of the Additional Disruption Event, giving details thereof and the action proposed to be taken in relation thereto, provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event or the proposed action.

5. Knock-in Event and Knock-out Event

(a) This Index Linked Condition 5 is applicable only if:

(i) Knock-in Event is specified as applicable in the Final Terms, in which case any payment under the Notes which is expressed to be subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event; or

(ii) Knock-out Event is specified as applicable in the Final Terms, in which case any payment under the relevant Notes which is expressed to be subject to a Knock-out Event shall be conditional upon the occurrence of such Knock-out Event.

(b) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is the Valuation Time and if on any Knock-in Determination Day or Knock-out Determination Day at any time during the one hour period that begins or ends at the Valuation Time the level of the Index triggers the Knock-in Barrier or the Knock-out Barrier, a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred; provided that if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the level of the Index as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date.

(c) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is any time or period of time other than the Valuation Time during the regular trading hours on the relevant Exchange and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one-hour period that begins or ends at the time on which the level of the Index triggers the Knock-in Barrier or the Knock-out Barrier, a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred, provided that if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the level of the Index as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date.

6. Automatic Early Redemption Event

If "**Automatic Early Redemption Event**" is specified as applicable in the Final Terms, then unless previously redeemed or purchased and cancelled, if (i) on any Automatic Early Redemption Valuation Date or (ii) in respect of an Automatic Early Redemption Valuation Period if on any or all Automatic Early Redemption Valuation Date(s), as specified in the Final Terms, an Automatic Early Redemption Event occurs, then the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date or Automatic Early Redemption Valuation Period, as applicable, and the Issuer shall redeem each Note of a nominal amount equal to the Calculation Amount at an amount in the relevant currency specified in the Final Terms equal to the relevant Automatic Early Redemption Amount.

7. Definitions

"**Additional Disruption Event**" means (i) (unless specified otherwise in the Final Terms) Change in Law, and (ii) any of Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and/or Loss of Stock Borrow if specified in the Final Terms.

ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTES

"**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.

"**Automatic Early Redemption Amount**" means an amount, in respect of each nominal amount of Notes equal to the Calculation Amount, being the Automatic Early Redemption Amount set out in the Final Terms.

"**Automatic Early Redemption Date**" means each date specified as such in the Final Terms or if such date is not a Business Day, the next following Business Day, and no Noteholder shall be entitled to any interest or further payment in respect of such delay.

"**Automatic Early Redemption Event**" means the AER Value is (A),

(i) greater than;

(ii) greater than or equal to;

(iii) less than; or

(iv) less than or equal to,

the Automatic Early Redemption Trigger (i), (ii), (iii) or (iv) applying or (B) within or outside the Automatic Early Redemption Range, as specified in the Final Terms.

"**Automatic Early Redemption Trigger**" means the level, amount, number or percentage specified as such in the Final Terms, subject to adjustment from time to time in accordance with the provisions of these Index Linked Conditions.

"**Automatic Early Redemption Range**" means the range of levels, amounts, numbers or percentages specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions of these Index Linked Condition.

"**Automatic Early Redemption Valuation Date**" means each date specified as such in the Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the Automatic Early Redemption Valuation Date shall be delayed in accordance with the corresponding provisions of the definition of Valuation Date which shall apply *mutatis mutandis* as if references in such provisions to Valuation Date were to Automatic Early Redemption Valuation Date.

"**Automatic Early Redemption Valuation Period**" means each period specified as such in the Final Terms;

"**Automatic Early Redemption Valuation Time**" has the meaning given it in the Final Terms.

"**AER Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.1 *(General Definitions*).

"**Averaging Date**" means each date specified as an Averaging Date in the Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

(i) if "**Omission**" is specified as applying in the Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Level provided that, if through the operation of this provision no Averaging Dates would occur, then the Averaging Date will not be omitted and the provisions of the definition of "**Valuation Date**" will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or

(ii) if "**Postponement**" is specified as applying in the Final Terms, then the provisions of the definition of Valuation Date will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or

(iii) if "**Modified Postponement**" is specified as applying in the Final Terms then:

(A) where the Notes are Index Linked Notes relating to a single Index, the Averaging Date shall be the first succeeding Valid Date (as defined in (B) below). If the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the

relevant Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (ii) of the definition of Valuation Date below;

(B) where the Notes are Index Linked Notes relating to a Basket of Indices, the Averaging Date for each Index shall be the first succeeding Valid Date in relation to every Index forming part of the Basket of Indices. If the first succeeding Valid Date in relation to every Index forming part of the Basket of Indices has not occurred for a number of consecutive Scheduled Trading days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date) in respect of every Index forming part of the Basket of Indices, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (ii) of the definition of Valuation Date below; and

(C) for the purposes of these Terms and Conditions "**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

"**Basket of Indices**" means a basket composed of each Index specified in the Final Terms subject to the Weightings.

"**Change of Law**" means that, on or after the Trade Date (as specified in the Final Terms) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) 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 in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant hedge positions relating to an Index and/or (B) the Issuer will incur a materially increased cost in performing its obligations in relation to the Index Linked 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).

"**Clearance System**" means the principal domestic clearance system customarily used for settling trades in the relevant securities.

"**Clearance System Business Days**" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of an event results in the Clearance System being unable to clear the transfer of a relevant security would have been) open for the acceptance and execution of settlement instructions.

"**Component Security**" means, in respect of a Composite Index, each component security of such Index.

"**Composite Index**" means any Index in respect of which the component securities are principally traded on more than one exchange, as determined by the Calculation Agent.

"**Coupon Valuation Time**" means the time specified as such in the applicable Final Terms.

"**Disrupted Day**" means any day which is:

(i) (A) in the case of a Composite Index, any Scheduled Trading Day on which: (x) the Index Sponsor fails to publish the level of the Index; (y) the Related Exchange fails to open for trading during its regular trading session; or (z) a Market Disruption Event has occurred; or

(B) in the case of any Index which is not a Composite Index, any Scheduled Trading Day on which (x) the relevant Exchange and/or any Related Exchange fails to open for trading during their regular trading session or (y) a Market Disruption Event has occurred; or

(ii) Where Exchange Business Day (Cross Asset Basis) and Scheduled Trading Day (Cross Asset Basis) are specified as applicable in the Final Terms for (i) Index Linked Notes, (ii) Equity Linked Notes and/or (iii) ETF Linked Notes, a Disrupted Day occurs under and as defined in the Equity Linked Conditions and/or the ETF Linked Conditions.

"**Early Closure**" means:

(i) in the case of a Composite Index, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the 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 (i) 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 (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day; and

(ii) in the case of any Index which is not a Composite Index, 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 such Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) 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.

"**Exchange**" means:

(i) in the case of a Composite Index, in respect of each Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent; and

(ii) in the case of any Index which is not a Composite Index, each exchange or quotation system specified as such for such Index in the 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).

"**Exchange Business Day**" means either (i) in the case of a single Index, Exchange Business Day (Single Index Basis) or (ii) in the case of a basket of Indices or other assets, (a) Exchange Business Day (All Indices Basis) or (b) Exchange Business Day (Per Index Basis) or (c) Exchange Business Day (Cross Asset Basis), in each case as specified in the Final Terms, provided that if no such specification is made in the Final Terms, Exchange Business Day (All Indices Basis) shall apply.

"**Exchange Business Day (All Indices Basis)**" means any Scheduled Trading Day on which (i) in respect of all Indices other than Composite Indices, each Exchange and each Related Exchange are open for trading during their respective regular trading sessions in respect of such Indices, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time and (ii) in respect of all Composite Indices, (a) the Index Sponsor publishes the level of such Composite Indices and (b) each Related Exchange (if any) is open for trading during its regular trading session in respect of such Composite Indices, notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time.

"**Exchange Business Day (Cross Asset Basis)**" means, in respect of a basket of assets, any Scheduled Trading Day on which (i) in respect of all Indices other than Composite Indices, each relevant Exchange and each Related Exchange (if any) is open for trading during its regular trading session in respect of such Indices comprised in the basket (notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time) and (ii) in respect of all Composite Indices, (a) the relevant Index Sponsor publishes the level of such Composite Indices and (b) each Related Exchange (if any) in respect of each Composite Index is open for trading during its regular trading session (notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time) which, in each case, is also an Exchange Business Day under and as defined in the Equity Linked Conditions and/or the ETF Linked Conditions, as applicable.

"**Exchange Business Day (Per Index Basis)**" means in respect of any Index:

(i) in the case of any Composite Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of such Composite Index; and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding such Related Exchange closing prior to its Scheduled Closing Time; and

(ii) in any other case, any Scheduled Trading Day on which the relevant Exchange and Related Exchange in respect of such Index are open for trading during their respective regular trading session(s), notwithstanding any such Exchange or Related Exchange closing prior to their Scheduled Closing Time.

"**Exchange Business Day (Single Index Basis)**" means any Scheduled Trading Day on which (i) in respect of all Indices other than a Composite Index, the relevant Exchange and the relevant Related Exchange, if any, are open for trading during their regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to its Scheduled Closing Time and (ii) in respect of a Composite Index (a) the relevant Index Sponsor publishes the level of such Composite Index and (b) the relevant Related Exchange, if any, is open for trading during their regular trading session in respect of such Composite Index, notwithstanding such Related Exchange closing prior to its Scheduled Closing Time.

"**Exchange Disruption**" means:

(i) in the case of any Composite Index, 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) in futures or options contracts relating to such Index on the Related Exchange; and

(ii) in the case of any Index which is not a Composite Index, any event (other than an Early Closure) 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 on any relevant Exchange(s) in securities that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange.

"**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 or any other relevant price risk including but not limited to the currency risk of the Issuer, issuing and performing its obligations with respect to the Notes, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

"**Hedging Shares**" means the number of securities comprised in an Index that the Issuer and/or any of its Affiliates 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) (a) to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (b) to 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 security comprised in an Index that is greater than the Initial Stock Loan Rate.

"**Index**" and "**Indices**" mean, subject to adjustment in accordance with these Index Linked Conditions, the index or indices specified in the Final Terms and related expressions shall be construed accordingly.

"**Index Correction Period**" means (a) the period specified in the Final Terms, or (b) if none is so specified, one Settlement Cycle.

"**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 Final Terms.

"**Initial Stock Loan Rate**" means, in respect of a security comprised in an Index, the initial stock loan rate specified in relation to such security in the Final Terms.

"**Knock-in Barrier**" means the level, amount, percentage or number specified as such in the Final Terms, subject to adjustment from time to time in accordance with the provisions of these Index Linked Conditions.

"**Knock-in Determination Day**" means the date(s) specified as such in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-in Determination Period.

"**Knock-in Determination Period**" means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

"**Knock-in Event**" means the Knock-in Value is (A):

(i) greater than;

(ii) greater than or equal to;

(iii) less than; or

(iv) less than or equal to,

the Knock-in Barrier or (B) within or outside the Knock-in Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Final Terms,

"**Knock-in Period Beginning Date**" means the date specified as such in the Final Terms or, if the Knock-in Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-in Period Ending Date**" means the date specified as such in the Final Terms or, if the Knock-in Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-in Range**" means the range of levels, amounts, numbers or percentages specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions of these Index Linked Conditions;

"**Knock-in Valuation Time**" means the time or period of time on any Knock-in Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

"**Knock-in Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.1.

"**Knock-out Barrier**" means the level, amount, number or percentage specified as such in the Final Terms, subject to adjustment from time to time in accordance with the provisions of these Index Linked Conditions.

"**Knock-out Determination Day**" means the date(s) as specified in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-out Determination Period.

"**Knock-out Determination Period**" means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

"**Knock-out Event**" means the Knock-out Value is (A):

(i) greater than;

(ii) greater than or equal to;

(iii) less than; or

(iv) less than or equal to,

the Knock-out Barrier or (B) within or outside the Knock-out Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Final Terms,

"**Knock-out Period Beginning Date**" means the date specified as such in the Final Terms or, if the Knock-out Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-out Period Ending Date**" means the date specified as such in the Final Terms or, if the Knock-out Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-out Range**" means the range of levels, amounts, numbers or percentages specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions of these Index Linked Conditions.

"**Knock-out Valuation Time**" means the time or period of time on any Knock-out Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

"**Knock-out Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.1.

"**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 securities comprised in an Index in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

"**Market Disruption Event**" means:

(a) in respect of a Composite Index either:

(i) (a) the occurrence or existence, in respect of any Component Security, of:

(1) 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 (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index would trigger respectively the Knock-in Event or the Knock-out Event or (b) in all other circumstances ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;

(2) 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 (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index would trigger respectively the Knock-in Event or the Knock-out Event or (b) in all other circumstances ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; or

(3) an Early Closure in respect of such Component Security; and

(b) 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 such Index; or

(ii) the occurrence or existence, in respect of futures or options contracts relating to such Index, of: (1) a Trading Disruption; (2) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index would trigger respectively the Knock-in Event or the Knock-out Event or (b) in all other circumstances ends at the Valuation Time in respect of the Related Exchange; or (3) an Early Closure, in each case in respect of such futures or options contracts.

For the purposes of determining whether a Market Disruption Event exists in respect of a Component Security at any time, if a Market Disruption Event occurs in respect of such Component Security at that time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security to (y) the overall level of such Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market opening data; and

(b) in the case of Indices other than Composite Indices, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins or ends at the time when the level of such Index triggers respectively the Knock-in Barrier or the Knock-out Barrier or (b) in all other circumstances ends at the relevant Valuation Time, or (iii) an Early Closure.

For the purposes of determining whether a Market Disruption Event in respect of such Index exists at any time, if a Market Disruption Event occurs in respect of a security included in such Index at any time, then the relevant percentage contribution of that security to the level of such Index shall be based on a comparison of (x) the portion of the level of such Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

"**Maximum Stock Loan Rate**" means, in respect of a security comprised in an Index, the Maximum Stock Loan Rate specified in the Final Terms.

ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTES

"**Observation Date**" means each date specified as an Observation Date in the Final Terms, or if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the corresponding provisions in the definition of Valuation Date shall apply *mutatis mutandis* as if references in such provisions to Valuation Date were to Automatic Early Redemption Valuation Date.

"**Observation Period**" means the period specified as the Observation Period in the Final Terms.

"**Related Exchange**" means, in relation to an Index, each exchange or quotation system on which option contracts or futures contracts relating to such Index are traded, or each exchange or quotation system specified as such for such Index in the 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 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.

"**Relevant Level**" means, subject as referred to in relation to Averaging Date, Observation Date, Valuation Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day as the case may be in the case of an Index, an amount equal to the official closing level of the Index as calculated and published by the Index Sponsor or, in relation to a Composite Index, the official closing level of such Index as calculated and published by the relevant Index Sponsor, in each case as determined by the Calculation Agent or, if so specified in the Final Terms, the level of the Index determined by the Calculation Agent as set out in the Final Terms at the Valuation Time on (i) if Averaging is not specified in the Final Terms, the relevant Settlement Level Date, or (ii) if Averaging is specified in the Final Terms, each Averaging Date.

"**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 subject as provided in Valuation Time below.

"**Scheduled Trading Day**" means either (i) in the case of a single Index, Scheduled Trading Day (Single Index Basis) or (ii) in the case of a Basket of Indices, (a) Scheduled Trading Day (All Indices Basis) or (b) Scheduled Trading Day (Per Index Basis) or (c) Scheduled Trading Day (Cross Asset Basis), in each case as specified in the Final Terms, provided that if no such specification is made in the Final Terms, Scheduled Trading Day (All Indices Basis) shall apply.

"**Scheduled Trading Day (All Indices Basis)**" means (i) in respect of each Index which is not a Composite Index, any day on which each Exchange and each Related Exchange in respect of each such Index are scheduled to be open for trading during their respective regular trading session(s), and (ii) in respect of each Composite Index, any day on which (a) the Index Sponsor is scheduled to publish the level of each such Composite Index and (b) each Related Exchange is scheduled to be open for trading during its regular trading session in respect of such Composite Index.

"**Scheduled Trading Day (Cross Asset Basis)**" means, in respect of a basket of assets, any day on which (i) in respect of each Index which is not a Composite Index, each relevant Exchange and each Related Exchange (if any) in respect of each such Index is scheduled to be open for trading during its regular trading session, and (ii) in respect of each Composite Index, (a) the relevant Index Sponsor is scheduled to publish the level of each such Composite Index and (b) each Related Exchange (if any) in respect of such Composite Index is scheduled to be open for trading during its regular trading session which, in each case, is also a Scheduled Trading Day under and as defined in the Equity Linked Conditions and/or the ETF Linked Conditions, as applicable.

"**Scheduled Trading Day (Per Index Basis)**" means:

(i) in respect of an Index other than a Composite Index, any day on which the relevant Exchange and Related Exchange in respect of such Index are scheduled to be open for trading for their respective regular trading session(s); and

(ii) in respect of any Composite Index, any day on which (i) the Index Sponsor is scheduled to publish the level of such Index; and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session.

"**Scheduled Trading Day (Single Index Basis)**" means any day on which (i) in respect of an Index other than a Composite Index, the relevant Exchange and the relevant Related Exchange, if any, are scheduled to be open for trading during their respective regular trading session(s), and (ii) in respect of a Composite Index (a) the relevant Index Sponsor

is scheduled to publish the level of such Composite Index and (b) the relevant Related Exchange, if any, is scheduled to be open for trading during its regular trading session in respect of such Composite Index.

"**Scheduled Valuation Date**" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

"**Screen Page**" means the page specified in the Final Terms, or any successor page or service thereto.

"**Settlement Cycle**" means, in respect of an Index, the period of Clearance System Business Days following a trade in the securities comprising such Index on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

"**Settlement Level**" means, and subject as referred to in Automatic Early Redemption Valuation Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day, Observation Date or Valuation Date, as the case may be:

(i) in the case of Index Linked Notes relating to a single Index, (i) if Averaging is not specified in the Final Terms, the Relevant Level for the relevant Settlement Level Date, or (ii) if Averaging is specified in the Final Terms, the arithmetic mean of the Relevant Levels of the Index on each Averaging Date, all as determined by or on behalf of the Calculation Agent in a commercially reasonable manner; and

(ii) in the case of Index Linked Notes relating to a Basket of Indices, (i) if Averaging is not specified in the Final Terms, the Relevant Level for the relevant Settlement Level Date, or (ii) if Averaging is specified in the Final Terms, the arithmetic mean of the Relevant Levels of the Basket of Indices on each Averaging Date, all as determined by or on behalf of the Calculation Agent in a commercially reasonable manner.

"**Settlement Level Date**" means the Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day, an Observation Date or a Valuation Date, as the case may be.

"**Specified Maximum Days of Disruption**" means five (5) Scheduled Trading Days or such other number of Scheduled Trading Days specified in the Final Terms.

"**Strike Date**" means the Strike Date specified in the Final Terms, as may be adjusted in accordance with the definition of "Valuation Date" below, provided that:

in the case of Index Linked Notes relating to a Basket of Indices, if the Strike Date for any Index forming part of the Basket of Indices is specified to be the Trade Date (subject, for the avoidance of doubt, to any adjustments relating to the Strike Date that are set out in the Final Terms) then:

(i) if the Strike Date for any Index forming part of the Basket of Indices is not a Scheduled Trading Day, the Strike Date for such Index shall be the first succeeding Scheduled Trading Day; unless (ii) in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then the Strike Date for such Index, shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of such Index forming part of the Basket of Indices unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the scheduled Strike Date is a Disrupted Day in respect of such Index.

In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Strike Date for the relevant Index, notwithstanding the fact that such day is a Disrupted Day with respect to such Index, and (ii) the Calculation Agent shall determine the Settlement Level using the level of that Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted level as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day) and otherwise in accordance with the above provisions.

"**Strike Day**" means each date specified as such in the applicable Final Terms.

"**Strike Period**" means the period specified as the Strike Period in the Final Terms.

"**Trading Disruption**" means:

(i) in the case of an Index which is not a Composite Index, 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 securities that comprise 20 per cent. or more of the level of such Index on

any relevant Exchange(s) or (b) in futures or options contracts relating to such Index on any relevant Related Exchange; and

(ii) in the case of a Composite Index, 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: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange.

"**Valuation Date**" means the Coupon Valuation Date, Strike Date and/or the Redemption Valuation Date, as the case may be, specified in the Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

(i) in the case of Index Linked Notes relating to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Level by determining the level of the Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted level as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day); or

(ii) in the case of Index Linked Notes relating to a Basket of Indices, the Valuation Date for each Index, shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of any Index forming part of the Basket of Indices unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day in respect of Index of the Basket of Indices. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for each Index of the Basket of Indices, notwithstanding the fact that such day is a Disrupted Day with respect to any Index, and (ii) the Calculation Agent shall determine the Settlement Level using the level of that Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted level as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the last such consecutive Scheduled Trading Day) and otherwise in accordance with the above provisions.

"**Valuation Time**" means:

(i) the Coupon Valuation Time or the Valuation Time, as the case may be, specified in the Final Terms; or

(ii) if not specified in the Final Terms:

(A) in the case of a Composite Index, means in respect of such Index: (A) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (y) in respect of any options contracts or futures contracts on the Index, the close of trading on the Related Exchange; and (B) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor; or

(B) in the case of any Index which is not a Composite Index, means the Scheduled Closing Time on the Exchange on the relevant date. If the Exchange closes prior to its Scheduled Closing Time and the specified Coupon Valuation Time or Valuation Time, as the case

may be, is after the actual closing time for its regular trading session, then the Coupon Valuation Time or Valuation Time, as the case may be, shall be such actual closing time.

"**Weighting**" means the weighting (if any) to be applied to each item comprising the Basket of Indices if, and as specified in the Final Terms or if no such weighting is so specified then no weighting shall apply to any such item.

8. Index Disclaimer

The Index Linked Notes are not sponsored, endorsed, sold or promoted by any Index or any Index Sponsor and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Index Linked Notes. The Issuer shall have no liability to the Noteholders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Except as disclosed prior to the Issue Date, neither the Issuer nor its Affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Indices from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

ANNEX 3

ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES

*If specified as applicable in the Final Terms, the terms and conditions applicable to Equity Linked Notes shall comprise the General Conditions and the additional terms and conditions for Equity Linked Notes set out below (the "**Equity Linked Conditions**"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms and subject to completion in the Final Terms. In the event of any inconsistency between the General Conditions and the Equity Linked Conditions, the Equity Linked Conditions shall prevail. In the event of any inconsistency between the Equity Linked Conditions and the Payout Conditions, the Payout Conditions shall prevail.*

1. Disrupted Day

The Calculation Agent shall give notice as soon as practicable to the Issuer and the Issuer shall give notice as soon as practicable to the Guarantor, the Principal Paying Agent and the Noteholders in accordance with General Condition 13 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Automatic Early Redemption Valuation Date, an Averaging Date, a Knock-in Determination Day or a Knock-out Determination Day, an Observation Date or a Valuation Date, as the case may be.

2. Depositary Receipts

(a) Application of Depositary Receipt provisions

If "Depositary Receipt provisions" are specified as applicable in the Final Terms, for the purposes of these Equity Linked Conditions in relation to each relevant Depositary Receipt:

(i) references to "**Share**" or "**Shares**" shall be deemed to include an ordinary share or ordinary shares or other relevant equity securities, as the case may be, of the Share Company or Basket Company to which the relevant Depositary Receipts specified in the Final Terms relate;

(ii) references to "**Exchange**" shall, in the context of the ordinary shares or other relevant equity securities of the Share Company or Basket Company, be deemed to be references to the Share Exchange specified in the Final Terms;

(iii) references to "**Share Company**" or "**Basket Company**" shall, in the context of a Depositary Receipt, be deemed to include references to the issuer or obligor of the Depositary Receipts;

(iv) with respect to Depositary Receipts only, the following additional event shall constitute a Potential Adjustment Event for the purposes of Equity Linked Condition 3;

"a distribution in respect of the Shares of property other than cash, shares or rights relating to any Shares to the holder(s) of the Shares"; and

(v) with respect to Depositary Receipts only, the following events shall constitute Additional Disruption Events for the purposes of Equity Linked Condition 5:

(i) a Termination; and

(ii) an Adjustment Event.

(b) Definitions specific to Depositary Receipts

"**Adjustment Event**" means (a) the terms and conditions of the Depositary Receipts have been altered or any adjustment or modification has been made pursuant to such terms and conditions (in each case whether by the Share Company or Basket Company or any party having influence over such terms and conditions) or the Depositary Receipts are converted into other securities and/or (b) the aggregate amounts (or currency thereof) to which a holder is entitled under the Depositary Receipts are altered.

"**Depositary Receipt**" means a depositary receipt relating to ordinary shares or other relevant equity securities issued by a Share Company or Basket Company, as specified in the Final Terms, subject to adjustment pursuant to the provisions specified in Equity Linked Conditions 3 and 4.

"**Termination**" means, in relation to an issue of Depositary Receipts, such issue has been terminated, cancelled or otherwise ceased to be outstanding for any reason. This shall include, without limitation, the termination of the deposit agreement in respect of the Shares and/or written instructions being

given by the Share Company or Basket Company to the depositary of the Shares to withdraw or surrender the Shares.

3. Potential Adjustment Events and Extraordinary Events

(a) Potential Adjustment Events

(i) "**Potential Adjustment Event**" means any of the following:

(i) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;

(ii) a distribution, issue or dividend to existing holders of the relevant Shares of (a) such Shares or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Company or Share Company, as the case may be, equally or proportionately with such payments to holders of such Shares or (c) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Basket Company or Share Company, as the case may be, as a result of a spin-off or other similar transaction or (d) 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 call by a Basket Company or Share Company, as the case may be, in respect of relevant Shares that are not fully paid;

(v) a repurchase by the Basket Company or its subsidiaries or Share Company or its subsidiaries, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(vi) in respect of a Basket Company or Share Company, as the case may be, 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 Basket Company or Share Company, as the case may be, 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, certificates, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent;

(vii) any adjustment effected as a result of any shareholder rights plan or arrangement as described in 3(a)(i)(iv) above; or

(viii) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative or other effect on the theoretical value of the relevant Shares.

(ii) "**Potential Adjustment Event Effective Date**" means, in respect of a Potential Adjustment Event, the date on which such Potential Adjustment Event is announced by the relevant Basket Company or Share Company, as the case may be, as determined by the Calculation Agent in its sole and absolute discretion.

(iii) Following the declaration by the Basket Company or Share Company, as the case may be, of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (where the Notes are Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative 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 Share) and (ii) determine the effective date of that adjustment. 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 ("**Exchange Based Adjustment**") to options on the Shares traded on that options exchange.

(iv) Upon the making of any such adjustment by the Calculation Agent, the Calculation Agent shall, other than where Exchange Based Adjustment applies notify the Issuer as soon as practicable and the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13, stating the occurrence of the Potential Adjustment Event, giving details thereof and the adjustment to be taken in relation thereto, provided that any failure to give or non-receipt of such notice will not affect the validity of such Potential Adjustment Event or Potential Adjustment Event Effective Date or the adjustment in relation thereto.

(b) Extraordinary Events

The occurrence of any of De-Listing, Insolvency, Merger Event, Nationalisation, Tender Offer (unless Tender Offer is specified as not applicable in the Final Terms), or, if specified as applicable in the Final Terms, Illiquidity, Listing Change or Listing Suspension, as the case may be, shall be deemed to be an "**Extraordinary Event**", the consequences of which are set forth below:

"**De-Listing**" means, in respect of any relevant Shares, that the Exchange announces pursuant to the rules of such Exchange, that such Shares 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 (i) where the Exchange is located in the United States, any of the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market System (or their respective successors) or (ii) a comparable exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

"**Illiquidity**" means, in respect of Equity Linked Notes that, in the determination of the Calculation Agent, during any period of five consecutive Scheduled Trading Days falling after the Issue Date (the "Relevant Period"), (a) the difference between the bid prices and the ask prices in respect of any relevant Share during the Relevant Period is greater than 1 per cent. (on average), and/or (b) the average purchase price or the average selling price, (each of (a) and (b) determined by the Calculation Agent from the order book of the relevant Share on the relevant Exchange during the Relevant Period), in relation to the purchase or sale of Shares with a value equal to or greater than EUR 10,000.00 (or its equivalent in any other currency as determined by the Calculation Agent at such time and by reference to such sources as it determines appropriate), is greater than MID plus 1 per cent. of MID (in relation to a purchase of Shares) or lower than the MID minus 1 per cent. of MID (in relation to a sale of Shares). For these purposes, "MID" means an amount equal to (a) the sum of the bid price and the ask price, in each case for the relevant Share at the relevant time, (b) divided by two.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Basket Company or Share Company, as the case may be, (i) all the Shares of that Basket Company or Share Company, as the case may be, are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of that Basket Company or Share Company, as the case may be, become legally prohibited from transferring them.

"**Listing Change**" means, in respect of any relevant Shares, that such Shares cease (or will cease) to be listed, traded or publicly quoted on the listing compartment or the relevant market of the Exchange on which such Shares were listed, traded or publicly quoted on the Issue Date, for any reason (other than a Merger Event or Tender Event or where this is a De-Listing).

"**Listing Suspension**" means, in respect of any relevant Shares, that the listing of such Shares on the Exchange has been suspended (other than where this is a De-Listing).

"**Merger Event**" means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Basket Company or Share Company, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (iii) 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 Shares of the Basket Company or Share Company, as the case may be, that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Basket Company or its

subsidiaries or the Share Company or its subsidiaries, as the case may be, with or into another entity in which the Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the relevant Extraordinary Event Effective Date is on or before (a) in the case of Cash Settled Notes, the latest of the last occurring Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day, Observation Date or Valuation Date or, where Averaging is specified in the Final Terms, the final Averaging Date or (b) in the case of Physical Delivery Notes, the relevant Maturity Date.

"**Nationalisation**" means that all the Shares or all or substantially all the assets of the Basket Company or Share Company, as the case may be, are nationalised, expropriated or are otherwise transferred to any governmental agency, authority, entity or instrumentality thereof.

"**Tender Offer**" means 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 30 per cent. and less than 100 per cent. (the "**Percentage Range**") of the outstanding voting shares of the Basket Company or Share Company, as the case may be, 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.

(c) Consequences of the occurrence of an Extraordinary Event:

If an Extraordinary Event occurs in relation to a Share or a Basket of Shares, the Issuer in its sole and absolute discretion may take the action described in (i) to (iii) below in respect of a Note relating to a Share or a Basket of Shares, and the actions described in (iv) or (v) below in respect of a Note relating to a Basket of Shares only:

(i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Notes are Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Final Terms to account for the relevant Extraordinary Event, and determine the effective date of that adjustment. The relevant adjustments may include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Notes. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the relevant Extraordinary Event made by any options exchange to options on the Shares traded on that options exchange. In addition, in relation to a Basket of Shares, the Calculation Agent may adjust the Basket of Shares in accordance with the provisions of sub-paragraph (v) below;

(ii) following such adjustment to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the "**Options Exchange**"), require the Calculation Agent to make a corresponding adjustment to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Notes are Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Notes are Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the relevant Extraordinary Event, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded; or

(iii) where the Issuer determines that no adjustment has been proposed by the Options Exchange and that no other action will produce a commercially reasonable result, the Issuer, in its sole and absolute discretion may, on giving notice to Noteholders in accordance with General Condition 13,

(i) redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the fair market value of a Note taking into account the relevant

Extraordinary Event (the "**Calculated Extraordinary Event Amount**"), less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Modified Calculated Extraordinary Event Amount**"), all as determined by the Calculation Agent in its sole and absolute discretion as soon as practicable following the occurrence of the relevant Extraordinary Event (the "**Calculated Extraordinary Event Amount Determination Date**"), or

(ii) require the Calculation Agent to determine the Calculated Extraordinary Event Amount on the Calculated Extraordinary Event Amount Determination Date, and redeem each Note on the scheduled Maturity Date by payment of the Calculated Extraordinary Event Amount. For avoidance of any doubt, the Calculated Extraordinary Event Amount shall not accrue any interest from the date of its calculation to the Maturity Date.

In relation to paragraphs (A) and (B) above, notwithstanding General Condition 4(g), each Note shall cease to bear interest from and including the Calculated Index Adjustment Amount Determination Date and no interest amounts scheduled for payment thereafter (including, for the avoidance of doubt, including any Specified Interest Amounts) shall be payable.

(iv) in the case of Equity Linked Notes relating to a Basket of Shares, redeem the Notes in part by giving notice to Noteholders in accordance with General Condition 13. If the Notes are so redeemed in part, the portion (the "**Redeemed Amount**") of each Note representing the affected Share(s) shall be redeemed and the Issuer will:

(i) pay to each Noteholder in respect of each Note held by him an amount equal to the fair market value of the Redeemed Amount, taking into account the relevant Extraordinary Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion; and

(ii) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Notes are Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Final Terms to account for such redemption in part. For the avoidance of doubt the remaining part of each Note after such cancellation and adjustment shall remain outstanding with full force and effect. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 13;

(v) in the case of Equity Linked Notes relating to a Basket of Shares, on or after the relevant Extraordinary Event Effective Date, require the Calculation Agent to adjust the Basket of Shares to include a Share selected by it in accordance with the criteria for Share selection set out below (each, a "**Substitute Share**") for each Share (each, an "**Affected Share**") of each Basket Company (each, an "**Affected Basket Company**") which is affected by such Extraordinary Event and the Substitute Share will be deemed to be a "**Share**", and the issuer of such shares a "**Basket Company**", for the purposes of the Notes, and the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Notes are Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, provided that in the event that any amount payable under the Notes was to be determined by reference to an initial price (the "**Initial Price**") of the Affected Share, the relevant Initial Price of each Substitute Share will be determined by the Calculation Agent in accordance with the following formula:

Initial Price=A × (B/C)

where:

"**A**" is the official closing price of the relevant Substitute Share on the relevant Exchange on the Substitution Date;

"**B**" is the Initial Price of the relevant Affected Share; and

"**C**" is the fair market value of the relevant Affected Share on the Substitution Date (which may, where available, be determined by reference to the official closing price of the Affected

Share on the relevant Exchange and/or such other source(s) as the Calculation Agent determines appropriate).

Such substitution and the relevant adjustment to the Basket of Shares will be deemed to be effective as of the date selected by the Calculation Agent (the "**Substitution Date**") in its sole and absolute discretion and specified in the notice referred to below which may, but need not, be the relevant Extraordinary Event Effective Date.

The Weighting of each Substitute Share in the Basket of Shares will be equal to the Weighting of the relevant Affected Share.

In order to be selected as a Substitute Share, the relevant share must satisfy the following criteria, in the sole and absolute discretion of the Calculation Agent:

(i) where the relevant Extraordinary Event is a Merger Event or a Tender Offer and the relevant share is not already included in the Basket of Shares, the relevant share shall be an ordinary share of the entity or person (other than the Affected Basket Company) involved in the Merger Event or the making of the Tender Offer, that is, or that as of the relevant Extraordinary Event Effective Date (i) is promptly scheduled to be, publicly quoted, traded or listed on an exchange or quotation system located in the same country as the relevant Exchange (or, where the relevant Exchange is within the European Union, in any member state of the European Union) and (ii) is not subject to any currency exchange controls, trading restrictions or other trading limitations; or

(ii) where (i) above does not apply, including in the case of an Extraordinary Event other than a Merger Event or a Tender Offer:

(1) the issuer of the share shall, to the extent possible, belong to the same economic sector as the Affected Basket Company and shall not already be included in the Basket of Shares; and

(2) the issuer of the share shall, to the extent possible, have a comparable market capitalisation, international standing and exposure as the Affected Basket Company in respect of the Affected Share.

Upon the occurrence of an Extraordinary Event, if the Issuer determines that an adjustment in accordance with the above provisions is necessary it shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 stating the occurrence of the Extraordinary Event, giving details thereof and the action proposed to be taken in relation thereto, including, in the case of a Share Substitution, the identity of the Substitute Shares and the Substitution Date, provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such Extraordinary Event or the proposed action.

4. Correction of Share Price

With the exception of any corrections published after the day which is three Exchange Business Days prior to the due date for any payment under the Notes calculated by reference to the price of a Share, if the relevant price of the relevant Share published on a given day and used or to be used by the Calculation Agent to make any determination under the Notes is subsequently corrected and the correction is published by the relevant Exchange within the number of days equal to the Share Correction Period of the original publication, the price to be used shall be the price of the relevant Share as so corrected. Corrections published after the day which is three Exchange Business Days prior to a due date for payment under the Notes calculated by reference to the price of a Share will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

5. Additional Disruption Events

(a) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i), (ii), (iii) or, in the case of Notes linked to a Basket of Shares only, (iv) below:

(i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset and/or the Entitlement (in each case with respect to Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or

(ii) redeem the Notes by giving notice to Noteholders in accordance with General Condition 13. If the Notes are so redeemed the Issuer will pay an amount to each Noteholder in respect of each Note held by him which amount shall be the fair market value of a Note taking into account the Additional Disruption Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Additional Disruption Amount**"), all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 13; or

(iii) require the Calculation Agent to calculate the Calculated Additional Disruption Amount as soon as practicable following the occurrence of the Additional Disruption Event (the "**Calculated Additional Disruption Amount Determination Date**") and on the Maturity Date shall redeem each Note at an amount calculated by the Calculation Agent equal to (x) the Calculated Additional Disruption Amount plus interest accrued on the Calculated Additional Disruption Amount on a daily basis from and including the Calculated Additional Disruption Amount Determination Date to but excluding the Maturity Date, each such daily accrual being at a rate equal to Issuer's funding cost on or about the relevant day or (y) if greater its nominal amount; or

(iv) in the case of Notes linked to a Basket of Shares, require Calculation Agent to adjust the Basket of Shares to include a Share selected by it in accordance with the criteria for Share selection set out below (each a "**Substitute Share**") for each Share (each an "**Affected Share**") which is affected by the Additional Disruption Event and the Substitute Share will be deemed to be a "**Share**" and the issuer of such shares a "**Basket Company**" for the purposes of the Notes, and the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (where the Notes are Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these Equity Linked Conditions and/or the Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, provided that in the event that any amount payable under the Notes was to be determined by reference to an initial price (the "**Initial Price**") of the Affected Share, the Initial Price of each Substitute Share will be determined by the Calculation Agent in accordance with the following formula:

Initial Price=A × (B/C)

where:

"**A**" is the official closing price of the relevant Substitute Share on the relevant Exchange on the Substitution Date;

"**B**" is the Initial Price of the relevant Affected Share; and

"**C**" is the fair market value of the relevant Affected Share on the Substitution Date (which may, where available, be determined by reference to the official closing price of the Affected Share on the relevant Exchange and/or such other source(s) as the Calculation Agent determines appropriate).

Such substitution and the relevant adjustment to the Basket of Shares will be deemed to be effective as of the date selected by the Calculation Agent (the "**Substitution Date**") in its sole and absolute discretion and specified in the notice referred to below which may, but need not, be the relevant date of the Additional Disruption Event.

The Weighting of each Substitute Share in the Basket of Shares will be equal to the Weighting of the relevant Affected Share.

In order to be selected as a Substitute Share, the relevant share must be a share which, in the sole and absolute discretion of the Calculation Agent:

(i) is not already included in the Basket of Shares;

(ii) the Issuer of such share belongs to the same economic sector as the Basket Company in respect of the Affected Share; and

(iii) the Issuer of such share has a comparable market capitalisation, international standing and exposure as the Basket Company in respect of the Affected Share.

(b) Upon the occurrence of an Additional Disruption Event, if the Calculation Agent determines that an adjustment in accordance with the above provisions is necessary it shall notify the Issuer as soon as practicable and the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 stating the occurrence of the Additional Disruption Event, giving details

thereof and the action proposed to be taken in relation thereto, provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event or the proposed action.

6. Knock-in Event and Knock-out Event

(a) This Equity Linked Condition 6 is applicable only if:

(i) Knock-in Event is specified as applicable in the Final Terms, in which case any payment under the Notes which is expressed to be subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event; or

(ii) Knock-out Event is specified as applicable in the Final Terms, in which case any payment under the relevant Notes which is expressed to be subject to a Knock-out Event shall be conditional upon the occurrence of such Knock-out Event.

(b) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is the Valuation Time and if on any Knock-in Determination Day or Knock-out Determination Day at any time during the one hour period that begins or ends at the Valuation Time a Knock-in Event or a Knock-out Event would otherwise have occurred and a Trading Disruption, Exchange Disruption or Early Closure occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred; provided that if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the price of each Affected Share as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date.

(c) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is any time or period of time other than the Valuation Time during the regular trading hours on the relevant Exchange and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one hour period that begins or ends at the time at which the price of the Share would otherwise have triggered the Knock-in Event or the Knock-out Event, a Trading Disruption, Exchange Disruption or Early Closure occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred, provided that if, by operation of this provision no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the price of each Affected Share as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date.

7. Automatic Early Redemption Event

If "**Automatic Early Redemption Event**" is specified as applicable in the Final Terms, then, unless previously redeemed or purchased and cancelled, if (i) on any Automatic Early Redemption Valuation Date (ii) in respect of an Automatic Early Redemption Valuation Period if on any or all Automatic Early Redemption Valuation Date(s), as specified in the Final Terms, an Automatic Early Redemption Event occurs, the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date or Automatic Early Redemption Valuation Period, as applicable and the Issuer shall redeem each Note of a nominal amount equal to the Calculation Amount at an amount equal to the relevant Automatic Early Redemption Amount.

8. Definitions

"**Additional Disruption Event**" means (i) (unless specified otherwise in the Final Terms) Change of Law, (ii) Failure to Deliver (in the case of Notes to be redeemed by delivery), or (iii) any of Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing, Stop-Loss Event, and/or Loss of Stock Borrow, if specified in the Final Terms.

ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES

"**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.

"**Automatic Early Redemption Amount**" an amount, in respect of each nominal amount of Notes equal to the Calculation Amount, being the Automatic Early Redemption Amount set out in the Final Terms.

"**Automatic Early Redemption Date**" means each date specified as such in the Final Terms, or if such date is not a Business Day, the next following Business Day and no Noteholder shall be entitled to any interest or further payment in respect of any such delay.

"**Automatic Early Redemption Event**" means the AER Value is (A):

(i) greater than;

(ii) greater than or equal to;

(iii) less than; or

(iv) less than or equal to,

the Automatic Early Redemption Trigger,

(i), (ii), (iii) or (iv) applying or (B) within or outside the Automatic Early Redemption Range, as specified in the Final Terms.

"**Automatic Early Redemption Trigger**" means the price, amount, percentage or number specified as such in the Final Terms, subject to adjustment as provided in these Equity Linked Conditions.

"**Automatic Early Redemption Range**" means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in these Equity Linked Conditions.

"**Automatic Early Redemption Valuation Date**" means each date specified as such in the Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If any such day is a Disrupted Day, then the corresponding provisions in the definition of Valuation Date shall apply *mutatis mutandis* as if references in such provisions to Valuation Date were to Automatic Early Redemption Valuation Date.

"**Automatic Early Redemption Valuation Period**" means each period specified as such in the Final Terms.

"**Automatic Early Redemption Valuation Time**" has the meaning given it in the Final Terms.

"**AER Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.1.

"**Averaging Date**" means each date specified as an Averaging Date in the Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

(i) If "**Omission**" is specified as applying in the Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price provided that if through the operation of this provision no Averaging Dates would occur, then the provisions of the definition of Valuation Date will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or

(ii) if "**Postponement**" is specified as applying in the Final Terms, then the provisions of the definition of Valuation Date will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or

(iii) if "**Modified Postponement**" is specified as applying in the Final Terms then:

(A) where the Notes are Equity Linked Notes relating to a single share, the Averaging Date shall be the first succeeding Valid Date (as defined in (iii) below). If the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall

be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (ii) of the definition of Valuation Date below;

(B) where the Notes are Equity Linked Notes relating to a Basket of Shares, the Averaging Date for each Share shall be the first succeeding Valid Date in relation to every Share forming part of the Basket of Shares. If the first succeeding Valid Date in relation to every Share forming part of the Basket of Shares has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) such Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date) in respect of every Share, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (ii) of the definition of Valuation Date below; and

(C) for the purposes of these Terms and Conditions, "**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not occur.

"**Basket Company**" means each company specified as such in the Final Terms; and

"**Basket Companies**" means all such companies.

"**Basket of Shares**" means (i) a basket composed of Shares of each Basket Company specified in the Final Terms in the Weightings or numbers of Shares of each Basket Company specified in the Final Terms.

"**Change of Law**" means that, on or after the Trade Date (as specified in the Final Terms) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) 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 Issuer determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant Share and/or (B) it will incur a materially increased cost in performing its obligations in relation to the Equity Linked 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).

"**Clearance System**" means the principal domestic clearance system customarily used for settling trades in the relevant Share.

"**Clearance System Business Days**" 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 the Clearance System being unable to clear the transfer of a relevant security would have been) open for the acceptance and execution of settlement instructions.

"**Coupon Valuation Time**" means the time specified as such in the applicable Final Terms.

"**Disrupted Day**" means any Scheduled Trading Day on which:

(i) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session;

(ii) a Market Disruption Event has occurred; or

(iii) where Exchange Business Day (Cross Asset Basis) and Scheduled Trading Day (Cross Asset Basis) are specified as applicable in the Final Terms for (i) Equity Linked Notes, (ii) Index Linked Notes and/or (iii) ETF Linked Notes, a Disrupted Day occurs under and as defined in the Index Linked Conditions and/or ETF Linked Conditions.

"**Early Closure**" means the closure on any Exchange Business Day of relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) 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.

"**Exchange**" means, in respect of a Share, each exchange or quotation system specified as such for such Share in the Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to

which trading in the Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).

"**Exchange Business Day**" means either (i) in the case of a single Share, Exchange Business Day (Single Share Basis) or (ii) in the case of a basket of Shares or other assets, (a) Exchange Business Day (All Shares Basis) or (b) Exchange Business Day (Per Share Basis) or (c) Exchange Business Day (Cross Asset Basis), in each case as specified in the Final Terms, provided that if no such specification is made in the Final Terms, Exchange Business Day (All Shares Basis) shall apply.

"**Exchange Business Day (All Shares Basis)**" means, in respect of a Basket of Shares, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading in respect of all Shares comprised in the Basket of Shares during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"**Exchange Business Day (Cross Asset Basis)**" means, in respect of a basket of assets, any Scheduled Trading Day on which each relevant Exchange and each Related Exchange (if any) in respect of all Shares comprised in the basket of assets is open for trading during its regular trading session (notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time) which is also an Exchange Business Day under and as defined in the Index Linked Conditions and/or the ETF Linked Conditions.

"**Exchange Business Day (Per Share Basis)**" means, in respect of a Share, any Scheduled Trading Day on which the relevant Exchange and Related Exchange in respect of such Share is open for trading during its respective regular trading session, notwithstanding any such Related Exchange closing prior to its Scheduled Closing Time.

"**Exchange Business Day (Single Share Basis)**" means any Scheduled Trading Day on which the relevant Exchange and the relevant Related Exchange, if any, are open for trading during their respective regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to their Scheduled Closing Time.

"**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 (i) to effect transactions in, or obtain market values for, the Shares on the relevant Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Share on any relevant Related Exchange.

"**Extraordinary Event Effective Date**" means, in respect of an Extraordinary Event, the date on which such Extraordinary Event occurs, as determined by the Calculation Agent in its sole and absolute discretion.

"**Failure to Deliver**" means failure of the Issuer and/or any of its Affiliates to deliver, when due, the Relevant Assets comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for such Shares.

"**Hedging Disruption**" means that the Issuer or any of its Affiliates is unable, after using commercially reasonable efforts, to (i) 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 or any other relevant price risk including but not limited to the currency risk of the Issuer issuing and performing its obligations with respect to the Notes, or (ii) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

"**Hedging Shares**" means the number of Shares that the Issuer or any of its Affiliates 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 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 (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer, issuing and performing its obligations with respect to the Notes, or (ii) 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 or any of its Affiliates would incur a rate to borrow any Share that is greater than the Initial Stock Loan Rate.

"**Initial Stock Loan Rate**" means, in respect of a Share, the initial stock loan rate specified in relation to such Share in the Final Terms.

"**Insolvency Filing**" means that a Share Company or Basket Company 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 Share Company or Basket Company shall not be deemed an Insolvency Filing.

"**Knock-in Barrier**" means the price, amount, percentage or number specified as such in the Final Terms, subject to adjustment from time to time in accordance with the provisions of these Equity Linked Conditions.

"**Knock-in Determination Day**" means the date(s) specified as such in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-in Determination Period.

"**Knock-in Determination Period**" means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

"**Knock-in Event**" means the Knock-in Value is (A):

(i) greater than;

(ii) greater than or equal to;

(iii) less than; or

(iv) less than or equal to,

the Knock-in Barrier or (B) within or outside the Knock-in Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Final Terms,

"**Knock-in Period Beginning Date**" means the date specified as such in the Final Terms or, if the Knock-in Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-in Period Ending Date**" means the date specified as such in the Final Terms or, if the Knock-in Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-in Range**" means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions of these Equity Linked Conditions;

"**Knock-in Valuation Time**" means the time or period of time on any Knock-in Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

"**Knock-in Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.1.

"**Knock-out Barrier**" means the price, amount, percentage or number specified as such in the Final Terms subject to adjustment from time to time in accordance with the provisions of these Equity Linked Conditions.

"**Knock-out Determination Day**" means the date(s) specified as such in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-out Determination Period.

"**Knock-out Determination Period**" means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

"**Knock-out Event**" means the Knock-out Value is (A):

(i) greater than;

(ii) greater than or equal to;

(iii) less than; or

(iv) less than or equal to,

the Knock-out Barrier or (B) within or outside the Knock-out Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Final Terms,

"**Knock-out Period Beginning Date**" means the date specified as such in the Final Terms or, if the Knock-out Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-out Period Ending Date**" means the date specified as such in the Final Terms or, if the Knock-out Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-out Range**" means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions of these Equity Linked Conditions.

"**Knock-out Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.1.

"**Knock-out Valuation Time**" means the time or period of time on any Knock-out Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

"**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 Share in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

"**Market Disruption Event**" means, in relation to Equity Linked Notes relating to a single Share or a Basket of Shares, in respect of a Share, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent in its sole and absolute discretion, determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event, begins or ends at the time when the level of the relevant Share triggers respectively the occurrence of the Knock-in Event or the Knock-out Event or (b) in all other circumstances that ends at the relevant Valuation Time, or (iii) an Early Closure.

"**Maximum Stock Loan Rate**" means, in respect of a Share, the Maximum Stock Loan Rate specified in the Final Terms.

"**Observation Date**" means each date specified as an Observation Date in the Final Terms, or if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the corresponding provisions in the definition of Valuation Date shall apply *mutatis mutandis* as if references in such provisions to Valuation Date were to Automatic Early Redemption Valuation Date.

"**Observation Period**" means the period specified as the Observation Period in the Final Terms.

"**Related Exchange**" means, in relation to a Share, each exchange or quotation system on which option contracts or futures contracts relating to such Share are traded, or each exchange or quotation system specified as such for such Share in the 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 Share 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 Share 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 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 Share.

"**Relevant Price**" means, subject as referred to in relation to any Automatic Early Redemption Valuation Date, Averaging Date, Knock-in Determination Day, Knock-out Determination Day, Observation Date or Valuation Date, as the case may be, in the case of a Share, an amount equal to the official closing price (or the price at the Valuation Time on the relevant Settlement Price Date or Averaging Date, as the case may be, if so specified in the Final Terms) quoted on the relevant Exchange for such Share on (i) if Averaging is not specified in the Final Terms, the relevant Settlement Price Date, or (ii) if Averaging is specified in the Final Terms, the relevant Averaging Date or if, in the opinion of the Calculation Agent, any such official closing price (or the price at the Valuation Time on the relevant Settlement Price Date or such Averaging Date, as the case may be, if so specified in the Final Terms) cannot be so determined and the relevant Settlement Price Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the relevant Settlement Price Date or such Averaging Date, as the case may be, if so specified in the Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the relevant Settlement Price Date or Averaging Date, as the case may be, if so specified in the Final Terms) for the Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices

or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Share or on such other factors as the Calculation Agent shall decide.

"**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 subject as provided in Valuation Time below.

"**Scheduled Trading Day**" means either (i) in the case of a single Share, Scheduled Trading Day (Single Share Basis) or (ii) in the case of a Basket of Shares, (a) Scheduled Trading Day (All Shares Basis) or (b) Scheduled Trading Day (Per Share Basis) or (c) Scheduled Trading Day (Cross Asset Basis), in each case as specified in the Final Terms, provided that if no such specification is made in the Final Terms, Scheduled Trading Day (All Shares Basis) shall apply.

"**Scheduled Trading Day (All Shares Basis)**" means, in respect of a Basket of Shares, any day on which each Exchange and each Related Exchange are scheduled to be open for trading in respect of all Shares comprised in the Basket of Shares for their respective regular trading sessions.

"**Scheduled Trading Day (Cross Asset Basis)**" means, in respect of a basket of assets, any day on which each Exchange and each Related Exchange (if any) in respect of all Shares comprised in the basket of assets is scheduled to be open for trading for its regular trading session which is also a Scheduled Trading Day for the purpose of the Index Linked Conditions and/or the ETF Linked Conditions, as applicable.

"**Scheduled Trading Day (Per Share Basis)**" means in respect of a Basket of Shares, any day on which the relevant Exchange and Related Exchange in respect of such Share are scheduled to be open for trading for their respective regular trading sessions.

"**Scheduled Trading Day (Single Share Basis)**" means any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading during their respective regular trading session(s).

"**Scheduled Valuation Date**" means, in respect of a Share, any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

"**Screen Page**" means the page specified in the Final Terms, or any successor page or service thereto.

"**Settlement Cycle**" means, in respect of a Share, the period of Clearance System Business Days following a trade in the Share on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

"**Settlement Price**" means, subject as referred to in relation to any Automatic Early Redemption Valuation Date, Averaging Date, Knock-in Determination Day, Knock-out Determination Day, Observation Date or Valuation Date, as the case may be:

(i) in the case of Equity Linked Notes relating to a single Share, (A) if Averaging is not specified in the Final Terms, the Relevant Price for the relevant Settlement Price Date, or (B) if Averaging is specified in the Final Terms, the arithmetic mean of the Relevant Prices of the Share on each Averaging Date, all as determined by or on behalf of the Calculation Agent in a commercially reasonable manner; and

(ii) in the case of Equity Linked Notes relating to a Basket of Shares, (A) if Averaging is not specified in the Final Terms, the Relevant Price for the relevant Settlement Price Date, or (ii) if Averaging is specified in the Final Terms, the arithmetic mean of the Relevant Prices for each Share in the Basket of Shares on each Averaging Date, all as determined by or on behalf of the Calculation Agent in a commercially reasonable manner.

"**Settlement Price Date**" means any Automatic Early Redemption Valuation Date, Knock-in Determination Day, Knock-out Determination Day, Observation Date or Valuation Date, as the case may be.

"**Shares**" and "**Share**" mean in the case of an issue of Notes relating to a Basket of Shares, each share and, in the case of an issue of Notes relating to a single Share, the share specified in the Final Terms and related expressions shall be construed accordingly.

"**Share Company**" means, in the case of an issue of Notes relating to a single Share, the company that has issued such Share.

"**Share Correction Period**" means (i) the period specified in the Final Terms, or (ii) if none is so specified, one Settlement Cycle.

"**Specified Maximum Days of Disruption**" means five (5) Scheduled Trading Days or such other number of Scheduled Trading Days specified in the Final Terms.

"**Stop-Loss Event**" means, in respect of a Share, the price of any Share as quoted on the relevant Exchange for such Share at any time or the Scheduled Closing Time, as specified in the Final Terms, on any Scheduled Trading Day that is not a Disrupted Day in respect of such Share on or after the Trade Date or, if later the Strike Date, is less than 5 per cent., or such percentage specified in the Final Terms, of its Strike Price or, if no Strike Price is stipulated in the Final Terms, the price given as the benchmark price for such Share in the Final Terms, all as determined by the Calculation Agent.

"**Strike Date**" means the Strike Date specified in the Final Terms, as may be adjusted in accordance with the definition of "Valuation Date" below, provided that:

in the case of Equity Linked Notes relating to a Basket of Shares, if the Strike Date for any share forming part of the Basket of Shares is specified to be the Trade Date (subject, for the avoidance of doubt, to any adjustments relating to the Strike Date that are set out in the Final Terms) then:

(i) if the Strike Date for any Share forming part of the Basket of Shares is not a Scheduled Trading Day, the Strike Date for such Share shall be the first succeeding Scheduled Trading Day; unless (ii) in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then the Strike Date for such Share, shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of such Share forming part of the Basket of Shares unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the scheduled Strike Date is a Disrupted Day in respect of such Share.

In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Strike Date for the relevant Share, notwithstanding the fact that such day is a Disrupted Day with respect to such Share, and (ii) the Calculation Agent shall determine the price of that Share as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating such price 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 last such consecutive Scheduled Trading Day of each Share comprised in that Basket of Shares (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant Share on the last such consecutive Scheduled Trading Day, its good faith estimate of the price for the relevant Share as of the Valuation Time on the last such consecutive Scheduled Trading Day) and otherwise in accordance with the above provisions.

"**Strike Day**" means each date specified as such in the applicable Final Terms.

"**Strike Period**" means the period specified as the Strike Period in the Final Terms.

"**Trading Disruption**" means, 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 Share or (b) in futures or options contracts relating to such Share on any relevant Related Exchange.

"**Valuation Date**" means the Coupon Valuation Date, Strike Date and/or Redemption Valuation Date, as the case may be, specified in the Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

(i) in the case of Equity Linked Notes relating to a single Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price in the manner set out in the Final Terms or, if not set out or if not practicable, determine the Settlement Price in accordance with its good faith estimate of the Settlement Price as of the Valuation Time on that the last such consecutive Scheduled Trading Day; or

(ii) in the case of Equity Linked Notes relating to a Basket of Shares, the Valuation Date for each Share shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of any Shares forming part of the Basket of Shares unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to any Share of the Basket of Shares. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for each Share of the Basket of Shares, notwithstanding the fact that such day is a Disrupted Day with

respect to any Share, and (ii) the Calculation Agent shall determine the Settlement Price using, in relation to the relevant Affected Share, the level or value as applicable, determined in the manner set out in the Final Terms, and, in the case of a Share, a price determined in the manner set out in the Final Terms or, if not set out or if not practicable, using its good faith estimate of the value for the Affected Share as of the Valuation Time on the last such consecutive Scheduled Trading Day and otherwise in accordance with the above provisions.

"**Valuation Time**" means Coupon Valuation Time or the Valuation Time, as the case may be, specified in the Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date or Averaging Date, as the case may be, in relation to each Share to be valued provided that 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 Coupon Valuation time or the Valuation Time, as the case may be, shall be such actual closing time.

"**Weighting**" means the weighting to be applied to each item of the Basket of Shares as specified in the Final Terms or if no weighting is so specified then no weighting shall apply to any such item.

ANNEX 4

ADDITIONAL TERMS AND CONDITIONS FOR ETF LINKED NOTES

*If specified as applicable in the Final Terms, the terms and conditions applicable to ETF Linked Notes shall comprise the General Conditions and the additional terms and conditions for ETF Linked Notes linked to one or more ETFs set out below (the "**ETF Linked Conditions**"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms and subject to completion in the Final Terms. In the event of any inconsistency between the General Conditions and the ETF Linked Conditions, the ETF Linked Conditions shall prevail. In the event of any inconsistency between the ETF Linked Conditions and the Payout Conditions, the Payout Conditions shall prevail.*

1. Disrupted Day

The Calculation Agent shall give notice as soon as practicable to the Issuer and the Issuer shall give notice as soon as practicable to the Guarantor, the Principal Paying Agent and the Noteholders in accordance with General Condition 13 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Automatic Early Redemption Valuation Date, an Averaging Date, a Knock-in Determination Day or a Knock-out Determination Day, an Observation Date or a Valuation Date, as the case may be.

2. Potential ETF Events and Extraordinary ETF Events

(a) Potential ETF Events

(i) "**Potential ETF Events**" means any of the following:

(A) a subdivision, consolidation, or reclassification of relevant ETF Shares or a free distribution or dividend of any such ETF Shares to existing holders by way of bonus, capitalisation or similar issue;

(B) a distribution, issue or dividend to existing holders of the relevant ETF Shares of (A) such ETF Shares or (B) other share capital or securities granting the right to payment of dividends and/or proceeds of liquidation of the ETF equally or proportionately with such payments to holders of such ETF Shares; (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the ETF, as a result of a spin-off or other similar transaction; or (D) any of 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 ETF in respect of relevant ETF Shares that are not fully paid; and

(E) a repurchase by the ETF or its subsidiaries of relevant ETF Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or

(F) any other event that may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant ETF Shares.

(ii) "**Potential ETF Event Effective Date**" means, in respect of a Potential ETF Event, the date on which such Potential ETF Event is announced by the relevant ETF, as determined by the Calculation Agent in its sole and absolute discretion.

(iii) Following the declaration by the ETF of the terms of any Potential ETF Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential ETF Event has a diluting or concentrative effect on the theoretical value of the ETF Shares and, if so, will (i) make the corresponding adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (where the Notes are Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these ETF Linked Conditions and/or the Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative 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 ETF Share) and (ii) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential ETF Event

made by an options exchange ("**ETF Exchange Based Adjustment**") to options on the ETF Shares traded on that options exchange.

(iv) Upon the making of any such adjustment by the Calculation Agent, the Calculation Agent shall, other than where ETF Exchange Based Adjustment applies, notify the Issuer as soon as practicable and the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13, stating the occurrence of the Potential ETF Event, giving details thereof and the adjustment to be taken in relation thereto, provided that any failure to give or non-receipt of such notice will not affect the validity of such Potential ETF Event or Potential ETF Event Effective Date or the adjustment in relation thereto.

(b) Extraordinary ETF Events

"**Extraordinary ETF Event**" means, in the determination of the Calculation Agent, the occurrence at any time on or after the Issue Date of any of the following events and any applicable Additional Extraordinary ETF Event:

(i) the ETF or any ETF Service Provider (i) ceases trading and/or, in the case of any ETF Service Provider, ceases administration, portfolio management, investment services, custodian, prime brokerage or any other relevant business (as applicable), (ii) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger), (iii) makes a general assignment or arrangement with or for the benefit of its creditors; (iv) (1) 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 (2) 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 sub-clause (iv)(1) above and either (x) 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 (y) is not immediately dismissed, discharged, stayed or restrained; (v) 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; (vi) 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 immediately dismissed, discharged, stayed or restrained; or (vii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an effect analogous to any of the events specified in sub-clauses (i) to (vi) above;

(ii) the occurrence of any Merger Event or Tender Offer (unless Tender Offer is specified as not applicable in the Final Terms), where:

"**Merger Event**" means, in respect of any relevant ETF Shares, any (i) reclassification or change of such ETF Shares that results in a transfer of or an irrevocable commitment to transfer all of such ETF Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of an ETF with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such ETF is the continuing entity and which does not result in a reclassification or change of all of such ETF Shares outstanding), (iii) 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 ETF Shares of the ETF that results in a transfer of or an irrevocable commitment to transfer all such ETF Shares (other than such ETF Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the ETF or its subsidiaries with or into another entity in which the ETF is the continuing entity and which does not result in a reclassification or change of all such ETF Shares outstanding but results in the outstanding ETF Shares (other than ETF Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding ETF Shares immediately following such event, in each case if the date of the occurrence of the Extraordinary ETF Event is on or before (a) in the case of Cash Settled Notes, the latest of the last occurring Automatic Early Redemption Valuation Date, Knock-in Determination

Day or Knock-out Determination Day, Observation Date or Valuation Date or, where Averaging is specified in the Final Terms, the final Averaging Date or (b) in the case of Physical Delivery Notes, the relevant Maturity Date; and

"**Tender Offer**" means 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 30 per cent. and less than 100 per cent. (the "**Percentage Range**") of the outstanding voting shares of the ETF, as the case may be, 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) (a) an allegation of criminal or fraudulent activity is made in respect of the ETF, or any ETF Service Provider, or any employee of any such entity, or the Calculation Agent reasonably determines that any such criminal or fraudulent activity has occurred, or (b) the commencement or threat of any investigative, judicial, administrative, regulatory or other civil or criminal proceedings against the ETF, any ETF Service Provider or any key personnel of such entities, if such allegation, determination, suspicion or proceedings could (in the opinion of the Calculation Agent) have an adverse impact on a Hedge Provider's rights or obligations in relation to hedging activities in respect of the Notes or could materially affect the value of the ETF Shares;

(iv) any ETF Service Provider or other agent or entity fulfilling such role, howsoever described in the ETF Documents as at the Issue Date, ceases to act in such capacity in relation to the ETF and is not immediately replaced in such capacity by a successor acceptable to the Calculation Agent;

(v) (i) any of the investment objectives, investment restrictions or investment process (howsoever described) of the ETF are modified from that set out in the ETF Documents except where such change is of a formal, minor or technical nature or (ii) a material modification of the type of assets in which the ETF invests (including but not limited to a material deviation from the investment objectives, investment restrictions or investment process (howsoever described) set out in the ETF Documents);

(vi) a material modification of the ETF (including but not limited to a modification of the ETF Documents) or a material modification of the method of calculating the net asset value per ETF Share (if any), or any change in the period or timing of the calculation or the publication of the net asset value per ETF Share (if any) or the occurrence of any event which in the determination of the Calculation Agent has or may have an adverse impact on the ETF or investors in the ETF (including, without limitation, the suspension of the net asset value per ETF Share (if any)), in each case other than a modification or event which does not affect the ETF Shares or the ETF or any portfolio of assets to which the ETF Share relate (either alone or in common with other ETF Shares issued by the ETF);

(vii) any ETF Service Provider fails to provide the Calculation Agent, within a reasonable time, with any information that the Calculation Agent has reasonably requested regarding the investment portfolio of the ETF;

(viii) (i) the occurrence of any event affecting a ETF Share that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of the relevant ETF Share; (ii) any failure of the ETF, or its authorised representative, to deliver, or cause to be delivered, (1) information that the ETF has agreed to deliver, or cause to be delivered to the Calculation Agent or Hedge Provider, or (2) information that has been previously delivered to any Hedge Provider or the Calculation Agent, as applicable, in accordance with the ETF's, or its authorised representative's, normal practice and that any Hedge Provider deems necessary for it or the Calculation Agent, as applicable, to monitor such ETF's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the relevant ETF Share;

(ix) a reduction of the ETF's aggregate value or the reduction of the ETF's aggregate net asset value under an amount that, in the reasonable opinion of the Calculation Agent, has, or is likely to have, a significant effect on the management conditions of the ETF and/or its operating expenses or would increase the proportion of ETF Shares held, or likely to be held, by the Issuer, Guarantor or Hedge Provider to such extent that the full redemption in one single order of the ETF Shares held by the Issuer, Guarantor or Hedge Provider is likely to be impaired;

(x) (i) any relevant activities of or in relation to the ETF or the ETF Service Providers are or become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any present

or future law, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, (ii) a relevant authorisation or licence is revoked or is under review by a competent authority in respect of the ETF or the ETF Service Providers, (iii) the ETF is required by a competent authority to redeem any ETF Shares and/or (iv) the Issuer, the Guarantor and/or any Hedge Provider is required by a competent authority, the ETF or any other relevant entity to dispose of or compulsorily redeem any ETF Shares held in connection with any hedging arrangements relating to the Notes;

(xi) (i) the non-execution or partial-execution by the ETF for any reason of a subscription or redemption order in respect of any ETF Shares (including, for the avoidance of any doubt, any non-execution by the ETF pending completion of its fiscal audit), if such non-execution or partial execution could in the sole determination of any Hedge Provider have an adverse impact on any Hedge Provider's rights or obligations in relation to its hedging activities in relation to the Notes, (ii) the ETF otherwise suspends or refuses transfers of any of its ETF Shares as described in the ETF Documents, (iii) if applicable, the ETF ceases to be an undertaking for collective investments under the relevant jurisdiction's legislation, (iv) the ETF otherwise suspends or refuses redemptions of any of its ETF Shares (including, without limitation, if the ETF applies any gating, deferral, suspension or other similar provisions permitting the ETF to delay or refuse redemption or transfer of ETF Shares) as described in the ETF Documents, (v) the ETF imposes in whole or in part any restriction (including, without limitation, any redemption *in specie*), charge or fee in respect of a redemption or subscription of its ETF Shares by the Issuer or any Hedge Provider or exercises its right to claw back the proceeds already paid on redeemed ETF Shares, if in any case it could in the sole determination of any Hedge Provider have an adverse impact on any Hedge Provider's rights or obligations in relation to its hedging activities in relation to the Notes, (vi) a mandatory redemption, in whole or in part, of the ETF Shares is imposed by the ETF on any one or more holders of ETF Shares at any time for any reason or (vii) the Issuer, any Hedge Provider, or any Affiliate thereof, is required by the ETF or ETF Service Provider to redeem any ETF Shares for any reason;

(xii) all the ETF Shares or all or substantially all the assets of an ETF are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;

(xiii) the currency or denomination of the ETF Share is amended from that set out in the ETF Documents as at the Trade Date;

(xiv) one or more of the key individuals involved with, or having supervision over, the ETF ceases to act in such capacity, and the ETF or relevant ETF Service Provider fails to appoint a replacement having similar qualifications to those of the key individual or individuals ceasing to act;

(xv) following the issue by a ETF of a new class or series (howsoever described in the ETF Documents) of shares, the Calculation Agent, determines that such new class or series of shares has or may have an adverse effect on the hedging activities of the Hedge Provider in relation to the Notes;

(xvi) there is a change in or in the official interpretation or administration of any laws or regulations relating to taxation that has or is likely to have a material adverse effect on any hedging arrangements entered into by any Hedge Provider in respect of the Notes (a "**Tax Event**") and, subject as provided below, the Issuer or the Hedge Provider has, for a period of one calendar month following the day the relevant Tax Event became known to it, used reasonable efforts to mitigate the material adverse effect of the Tax Event by seeking to transfer such hedging arrangements to any of its Affiliates, provided that the Issuer or the Hedge Provider shall not under any circumstances be obliged to take any steps which would result in sustaining a loss or expense of any kind and the period set out above for such mitigation shall be deemed satisfied on any date the Calculation Agent determines that there is no reasonable means of mitigating the Tax Event as provided above;

(xvii) in connection with any hedging activities in relation to the Notes, as a result of any adoption of, or any change in, any law, order, regulation, decree or notice, howsoever described, after the Issue Date, or issuance of any directive or promulgation of, or any change in the interpretation, whether formal or informal, by any court, tribunal, regulatory authority or similar administrative or judicial body of any law, order, regulation, decree or notice, howsoever described, after such date or as a result of any other relevant event (each a "**Relevant Event**") (i) it would become unlawful or impractical for the Issuer or the Hedge Provider to hold (including, without limitation, circumstances requiring the Hedge Provider or the Issuer to adversely modify any reserve, special deposit, or similar requirement or that would adversely affect the amount of regulatory capital that would have to be maintained in

respect of any holding of ETF Shares or that would subject a holder of the ETF Shares or the Issuer to any loss), purchase or sell any ETF Shares of the ETF or for the Issuer or the Hedge Provider to maintain such hedging arrangements, (ii) the cost to the Issuer or the Hedge Provider of such hedging activities would be materially increased for any reason or (iii) the Issuer and/or the Hedge Provider would be subject to a material loss and, subject as provided below, the Issuer or the Hedge Provider has, for a period of one calendar week following the day the Relevant Event became known to it, used reasonable efforts to mitigate the effect of the Relevant Event by seeking to transfer such hedging arrangements to any of its Affiliates, provided that the Issuer or the Hedge Provider shall not under any circumstances be obliged to take any steps which would result in sustaining a loss or expense of any kind and the period of one calendar week set out above shall be deemed satisfied on any date the Calculation Agent determines that that there is no practicable means of mitigating the Relevant Event as provided above;

(xviii) in connection with the hedging activities in relation to the Notes, if the cost to the Issuer or the Hedge Provider in relation to the Notes and the related hedging activities would be materially increased or the Issuer and/or the Hedge Provider would be subject to a material loss relating to the Notes and the related hedging activities;

(xix) in connection with the hedging activities in relation to the Notes, the Hedge Provider is unable or it becomes impractical for the Hedge Provider, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset or any futures or option contracts on the relevant Exchange it deems necessary to hedge the equity, commodity or other underlying ETF asset price risk or any other relevant price risk, including but not limited to the Issuer's obligations under the Securities, or (b) to realise, recover or remit the proceeds of any such transaction, asset or futures or option contract or any relevant hedge positions relating to an ETF Share of the ETF;

(xx) at any time on or after the Issue Date, the Issuer and/or any of its Affiliates would incur an increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, capital and/or funding costs, expense or fee (other than brokerage commissions) to maintain the Notes;

(xxi) the Issuer becomes legally prohibited from transferring or redeeming its holding of ETF Shares;

(xxii) the relevant Exchange announces that pursuant to the rules of such Exchange, the relevant ETF Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason and are not immediately re-listed, re-traded or re-quoted on (i) where the Exchange is located in the United States, any of the New York Stock Exchange, the American Stock Exchange or the NASDAQ National Market System (or their respective successors) or otherwise (ii) a comparable exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union);

(xxiii) (i) the occurrence of the reclassification of the ETF Shares; or

(ii) (A) proposal for or (B) the occurrence of the acquisition of the ETF by, or the aggregation of the ETF into, another fund the mandate, risk-profile and/or benchmarks of which the Calculation Agent determines to be different from the mandate, risk-profile and/or benchmarks of the ETF as compared to the Trade Date of the ETF Linked Notes (or any proposal for the foregoing occurs); or

(xxiv) (i) any cancellation, suspension or revocation of the registration or approval of the ETF or the ETF Shares by any governmental, legal or regulatory entity with authority over the ETF or the ETF Shares;

(ii) any change in the legal, tax, accounting or regulatory treatments of the ETF, any ETF Service Provider or the ETF Shares that the Calculation Agent determines has or is reasonably likely to have an adverse impact on the investors in the ETF or the holders of the ETF Shares or on the value of the ETF Shares, or

(iii) the ETF or any ETF Service Provider becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving any activities relating to or resulting from the operation of the ETF.

(c) Consequences of an Extraordinary ETF Event

If an Extraordinary ETF Event occurs, including any Additional Extraordinary ETF Event specified in the Final Terms the Issuer in its sole and absolute discretion may take any of the actions (each an "**Extraordinary ETF Event Action**") described in subparagraphs (i) to (iii) inclusive below.

ADDITIONAL TERMS AND CONDITIONS FOR ETF LINKED NOTES

(i) Adjustment

If the Issuer determines that the action taken in respect of the Extraordinary ETF Event is to be "**Adjustment**" then it may:

(A) require the Calculation Agent to determine, in its sole and absolute discretion, the appropriate adjustment(s), if any, to be made to any one or more of any Relevant Asset and/or the Entitlement (in the case where the Notes are Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these ETF Linked Conditions and/or the applicable Final Terms to account for the relevant the Extraordinary ETF Event and determine the effective date of that adjustment. The relevant adjustments may include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the ETF Shares or to the Notes. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the relevant Extraordinary ETF Event made by any options exchange to options on the ETF Shares traded on that options exchange; or

(B) following such adjustment to the settlement terms of options on the ETF Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the "**Options Exchange**"), require the Calculation Agent to make a corresponding adjustment to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Notes are Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these ETF Linked Conditions and/or the Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the ETF Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Notes are Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these ETF Linked Conditions and/or the Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the relevant Extraordinary ETF Event, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.

(ii) Substitution

If the Issuer determines that the action to be taken in respect of the Extraordinary ETF Event is to be "Substitution", the Calculation shall on or after the occurrence of any Extraordinary ETF Event, substutitute each ETF Share (each an "**Affected ETF Share"**) of each ETF (each, an "**Affected ETF**") which is affected by such Extraordinary ETF Event with an ETF Share selected by it in accordance with the criteria for ETF Share selection set out below (each a "**Substitute ETF Share**") and the Substitute ETF Share will be deemed to be an "**ETF Share**" and the relevant issuer of such Substitute ETF Share, an "**ETF**" for the purposes of the Notes, and the Calculation Agent will make such adjustment, if any, to any one or more of any Relevant Asset and/or the Entitlement (in each case where the Notes are Physical Delivery Notes) and/or the Weighting and/or any of the other terms of the General Conditions, these ETF Linked Conditions and/or the Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, provided that in the event that any amount payable under the Notes was to be determined by reference to an initial price (the "**Initial Price**") of the Affected ETF Share, the relevant Initial Price of each Substitute ETF Share will be determined by trhe Calculation Agent in accordance with the following formula:

Initial Price = A x (B/C)

where:

"**A**" is the official closing price of the relevant Substitute ETF Share on the relevant Exchange on the Substitution Date;

"**B**" is the Initial Price of the relevant Affected ETF Share; and

"**C**" is the fair market value of the relevant Affected ETF Share on the Subsitution Date (which may, where available, be determined by reference to the official closing price of the Affected Share on the relevant Exchange and/or such other source(s) as the Calculation Agent determines appropriate).

Such substitution and the relevant adjustment to the ETF Basket will be deemed to be effective as of the date selected by the Calculation Agent (the "**Substitution Date**") in its sole and absolute discretion and specified in the notice referred to below which may, but need not, be the relevant Extraordinary ETF Event Effective Date.

The Weighting of each Substitute ETF Share will be equal to the Weighting of the relevant Affected ETF Share.

In order to be selected as a Substitute ETF Share, the relevant share/unit/interest must satisfy the following criteria, as determined by the Calculation Agent in its sole and absolute discretion:

(A) where the relevant Extraordinary ETF Event is a Merger Event or a Tender Offer (a) in the case of ETF Shares related to a single ETF, and (b) in the case of ETF Shares related to an ETF Basket, the relevant share/unit/interest shall be an ordinary share/unit/interest of the entity or person that in the case of a Merger Event is the continuing entity in respect of the Merger Event or in the case of a Tender Offer is the entity making the Tender Offer provided that (i) the relevant share/unit/interest is not already included in the ETF Basket and (ii) it is or as of the relevant Extraordinary ETF Event Effective Date is promptly scheduled to be (x) publicly quoted, traded or listed on an exchange or quotation system located in the same country as the relevant Exchange (or, where the relevant Exchange is within the European Union, in any member state of the European Union) and (y) not subject to any currency exchange controls, trading restrictions or other trading limitations; or

(B) (a) where the relevant Extraordinary ETF Event is a Merger Event or a Tender Offer and a share/unit/interest would otherwise satisfy the criteria set out in paragraph (A) above, but such share/unit/interest is (in the case of an ETF Share related to an ETF Basket), already included in the ETF Basket, or (b) where the Extraordinary ETF Event is not a Merger Event or a Tender Offer, an alternative exchange traded instrument which, in the determination of the Calculation Agent, has similar characteristics to the relevant ETF, including but not limited to, a comparable listing, investment objectives, investment restrictions and investment processes underlying asset pools and whose related parties are acceptable to the Calculation Agent;

(C) if no alternative traded instrument can be determined pursuant to the preceding sub-paragraph (B) above, use reasonable endeavours to substitute the relevant ETF with an index (or a fund tracking an index) selected by the Calculation Agent in its sole and absolute discretion; and

(D) following any such substitution (a "**Substitution**"), in its sole and absolute discretion amend such of the General Conditions, these ETF Linked Conditions and/or the Final Terms as it determines to be appropriate to take account of such Substitution, including to ensure the weighted average price referred to in (i) above (and any consequent rise or fall in value of the affected ETF Share since the Issue Date) is reflected in the terms of the Substitution.

(iii) Termination

If the Issuer determines that the action to be taken in respect of the Extraordinary ETF Event is to be "**Termination**", upon the occurrence of a Termination Event the Issuer (i) shall redeem all but not some only of the Notes on the Termination Date by payment to each Noteholder of the Termination Amount. For avoidance of any doubt, the Termination Amount shall not accrue any interest from the date of its calculation to the Termination Date.

Notwithstanding General Condition 4(g), each Note shall cease to bear interest from and including the Calculated Extraordinary ETF Event Amount Determination Date and no interest amounts scheduled for payment thereafter (including, for the avoidance of doubt, including any Specified Interest Amounts) shall be payable.

(iv) Upon the occurrence of an Extraordinary ETF Event, if the Issuer determines that an adjustment in accordance with the above provisions is necessary it shall give notice as soon as practicable (an "**Extraordinary Event Notice**") to the Noteholders in accordance with General Condition 13 (*Notices*) stating the occurrence of such Extraordinary ETF Event (the date on which an Extraordinary Event Notice is given, an "**Extraordinary ETF Event Notification Date**"), giving details thereof and the action to be taken in relation thereto, including, in the case of a Substitution, the identity of the

Substitute ETF Shares and the Substitution Date and, in the case of a Termination, details of any Termination Date and Termination Amount (where applicable), provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such Extraordinary ETF Event or the proposed action.

3. Correction of ETF Price

With the exception of any corrections published after the day which is three Exchange Business Days prior to the due date for any payment under the Notes calculated by reference to the price of an ETF Share, if the relevant price of the relevant ETF Share published on a given day and used or to be used by the Calculation Agent to make any determination under the Notes is subsequently corrected and the correction is published by the relevant Exchange within the number of days equal to the ETF Share Correction Period of the original publication, the price to be used shall be the price of the relevant ETF Share as so corrected. Corrections published after the day which is three Exchange Business Days prior to a due date for payment under the Notes calculated by reference to the price of an ETF Share will be disregarded by the Calculation Agent for the purposes of determining the relevant amount to be paid.

4. Knock-in Event and Knock-out Event

(a) This ETF Linked Condition 4 is applicable only if:

(i) Knock-in Event is specified as applicable in the Final Terms, in which case any payment under the Notes which is expressed to be subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event; or

(ii) Knock-out Event is specified as applicable in the Final Terms, in which case any payment under the Notes which is expressed to be subject to a Knock-out Event shall be conditional upon the occurrence of such Knock-out Event.

(b) Provided that:

(i) if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is the Valuation Time and if on any Knock-in Determination Day or Knock-out Determination Day at any time during the one hour period that begins or ends at the Valuation Time a Knock-in Event or a Knock-out Event would otherwise have occurred and a Trading Disruption, Exchange Disruption or Early Closure occurs or exists, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred, provided that if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the price of each affected ETF Share as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date; and

(ii) if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is any time/or period of time during the regular trading hours on the relevant Exchange other than the Valuation Time and if on any Knock-in Determination Day or Knock-out Determination Day at any time during the one hour period that begins or ends at the Knock-in Valuation Time or Knock-out Valuation Time a Knock-in Event or a Knock-out Event would otherwise have occurred and a Trading Disruption, Exchange Disruption or Early Closure occurs or exists, then, the Knock-in Event or the Knock-out Event shall be deemed not to have occurred, provided that if, by operation of this provision, no Knock-in Determination Day or Knock-out Determination Day would occur in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the price of each affected ETF Share as at the Knock-in Valuation Time or Knock-out Valuation Time in accordance with the provisions contained in the definition of Valuation Date.

5. Automatic Early Redemption

If "**Automatic Early Redemption Event**" is specified as applicable in the Final Terms, then unless previously redeemed or purchased and cancelled, if (i) on any Automatic Early Redemption Valuation Date or (ii) in respect of an Automatic Early Redemption Valuation Period if on any or all Automatic Early Redemption Valuation Date(s), as specified in the Final Terms, an Automatic Early Redemption Event occurs, then the Notes will, subject as provided in ETF Linked Condition 2(c), be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption

Valuation Date or Automatic Early Redemption Valuation Period and the Issuer shall redeem each Note at an amount equal to the relevant Automatic Early Redemption Amount.

6. Definitions

"**Additional Extraordinary ETF Event**" means (i) (unless specified otherwise in the Final Terms) Change in Law, (ii) Failure to Deliver (in the case of notes to be redeemed by delivery), or (iii) any of Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing, Stop-Loss Event and/or Loss of Stock Borrow, in each case if specified in the 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.

"**Automatic Early Redemption Amount**" means an amount, in respect of each nominal amount of Notes equal to the Calculation Amount, being the Automatic Early Redemption Amount set out in the Final Terms.

"**Automatic Early Redemption Date**" means each date specified as such in the Final Terms, or if such date is not a Business Day, the immediately succeeding Business Day, provided that no additional amount shall be payable to Holders as a result of such delay.

"**Automatic Early Redemption Event**" means the AER Value is (A):

(i) greater than;

(ii) greater than or equal to;

(iii) less than; or

(iv) less than or equal to,

the Automatic Early Redemption Trigger,

(i), (ii), (iii) or (iv) applying or (B) within or outside the Automatic Early Redemption Range, as specified in the Final Terms,

"**Automatic Early Redemption Trigger**" means the price, amount, percentage or number specified as such in the Final Terms, subject to adjustment as provided in ETF Linked Condition 2(c)(i) above.

"**Automatic Early Redemption Range**" means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in these ETF Linked Conditions.

"**Automatic Early Redemption Valuation Date**" means each date as specified as such in the Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the corresponding provisions in the definition of Valuation Date shall apply *mutatis mutandis* as if references in such provisions to Valuation Date were to Automatic Early Redemption Valuation Date.

"**Automatic Early Redemption Valuation Period**" means each period specified as such in the Final Terms.

"**Automatic Early Redemption Valuation Time**" has the meaning given it in the Final Terms.

"**AER Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.1 (*General Definitions*).

"**Averaging Date**" means each date specified as an Averaging Date in the Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent any such day is a Disrupted Day.

If any such day is a Disrupted Day pursuant to the above, then:

(a) If "**Omission**" is specified as applying in the Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant level, price or amount, as applicable, provided that if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of Valuation Date will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date; or

(b) if "**Postponement**" is specified as applying in the Final Terms, the provisions of the definition of Valuation Date will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date, or

(c) if "**Modified Postponement**" is specified as applying in the Final Terms then:

(i) where the Notes are ETF Linked Notes relating to a single ETF, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (b) of the definition of Valuation Date below;

(ii) where the Notes are ETF Linked Notes relating to an ETF Basket, the Averaging Date for each ETF Share not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the "**Scheduled Averaging Date**") and the Averaging Date for each ETF Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such ETF Share. If the first succeeding Valid Date in relation to such ETF Share has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the relevant Averaging Date, then (A) that Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that last such consecutive Scheduled Trading Day is already an Averaging Date) in respect of such ETF Share, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b) of the definition of Valuation Date below; and

(iii) for the purposes of these ETF Linked Conditions, "**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

"**Change in Law**" means that, on or after the Trade Date (as specified in the Final Terms) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) 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 Issuer determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant ETF Share and/or (B) it will incur a materially increased cost in performing its obligations in relation to the ETF Linked 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).

"**Clearance System**" means the principal domestic clearance system customarily used for settling trades in the relevant securities.

"**Clearance System Business Days**" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of an event results in the Clearance System being unable to clear the transfer of a relevant security would have been) open for the acceptance and execution of settlement instructions.

"**Coupon Valuation Time**" means the time specified as such in the applicable Final Terms.

"**Disrupted Day**" means any Scheduled Trading Day on which:

(a) a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session;

(b) a Market Disruption Event has occurred; or

(c) where Exchange Business Day (Cross Asset Basis) and Scheduled Trading Day (Cross Asset Basis) are specified as applicable in the Final Terms for (i) ETF Linked Notes, (ii) Index Linked Notes and/or (iii) Equity Linked Notes, a Disrupted Day occurs under and as defined in the Index Linked Conditions and/or Equity Linked Conditions.

"**Early Closure**" means the closure on any Exchange Business Day of the relevant Exchange(s) 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 (i) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day and (ii) 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.

"**ETF**" means any fund specified as being an Exchange Traded Fund in the Final Terms, or if not so specified, any fund which the Calculation Agent determines to be an exchange traded fund.

"**ETF Basket**" means a Basket comprising the ETF Shares in one or more ETFs specified in the Final Terms.

"**ETF Documents**" means, with respect to any ETF Share, the offering documents in effect on the Trade Date specifiying among other things the terms and conditions relating to such ETF and for the avoidance of any doubt any other documents and agreements in respect of the ETF, as may be further described in any offering documents.

"**ETF Service Provider**" means, in respect of any ETF, any person who is appointed to provide services, directly or indirectly, for such ETF, whether or not specified in the ETF Documents, including any investment advisor or manager, fund adviser, fund administrator, operator, management company, depository, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent, domiciliary agent and any other person as determined by the Calculation Agent.

"**ETF Share(s)**" means, in respect of an ETF, a share or unit in such ETF.

"**ETF Share Correction Period**" means the period specified in the Final Terms or if none is so specified, one Settlement Cycle.

"**Exchange**" means, in relation to a ETF Share, each exchange or quotation system specified as such for such ETF Share in the Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the ETF Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such ETF Share on such temporary substitute exchange or quotation system as on the original Exchange).

"**Exchange Business Day**" means either (i) in the case of a single ETF Share, Exchange Business Day (Single ETF Share Basis) or (ii) in the case of a basket of ETFs or other assets, (a) Exchange Business Day (All ETF Shares Basis) or (b) Exchange Business Day (Per ETF Share Basis) or (c) Exchange Business Day (Cross Asset Basis), in each case as specified in the Final Terms, provided that, if no such specification is made in the Final Terms, Exchange Business Day (Per All ETF Shares Basis) shall apply.

"**Exchange Business Day (All ETF Shares Basis)**" means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading session(s) notwithstanding any such Exchange or Related Exchange closing prior to its (their) Scheduled Closing Time.

"**Exchange Business Day (Cross Asset Basis)**" means, in respect of an ETF Basket, any Scheduled Trading Day on which each relevant Exchange and each Related Exchange (if any) in respect of all ETFs comprised in the ETF Basket is open for trading during its regular trading session(s) (notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time) which is also an Exchange Business Day under and as defined in the Index Linked Conditions and/or Equity Linked Conditions, as applicable.

"**Exchange Business Day (Per ETF Share Basis)**" means, in respect of an ETF Share, any Scheduled Trading Day on which the relevant Exchange and the relevant Related Exchange, if any, in respect of such ETF Share are open for trading during their respective regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to its (their) Scheduled Closing Time.

"**Exchange Business Day (Single ETF Share Basis)**" means, in respect of an ETF Share, any Scheduled Trading Day on which the relevant Exchange and the relevant Related Exchange are open for trading during their respective regular trading session(s), notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to its (their) Scheduled Closing Time.

"**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 (i) to effect transactions in, or obtain market values for, the ETF Share on the Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts on or relating to the ETF Share on any relevant Related Exchange.

"**Extraordinary ETF Event Effective Date**" means, in respect of an Extraordinary ETF Event, the date on which such Extraordinary ETF Event occurs, or has occurred, as determined by the Calculation Agent in its sole and absolute discretion.

"**Failure to Deliver**" means failure of the Issuer and/or any of its Affiliates to deliver, when due, the Relevant Assets comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for such Relevant Assets.

"**Hedge Provider**" means the party (being, *inter alia*, the Issuer, the Guarantor (if applicable), the Calculation Agent, an Affiliate or any third party) from time to time who hedges the Issuer's obligations in respect of the Notes or where no such party actually hedges such obligations, a hypothetical investor, who shall be deemed to enter into transactions as if hedging such obligations. The Hedge Provider will hold or be deemed to hold such number of ETF Shares, or enter or be deemed to enter into any agreement to purchase or deliver, or pay an amount linked to the performance of, such number of ETF Shares as it (or in the case of a hypothetical investor, the Calculation Agent) considers would be held by a prudent issuer as a hedge for its exposure under the relevant Notes.

"**Hedging Disruption**" means that the Issuer and/or the Guarantor or any of its Affiliates is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the fund price risk or any other relevant price risk including but not limited to the currency risk of the Issuer or the Guarantor (if applicable), issuing and performing its obligations with respect to the Notes, or (ii) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

"**Hedging Shares**" means the number of ETF Shares that the Issuer or any of its Affiliates deems necessary to hedge the price risk of entering into and performing its obligations with respect to the Notes.

"**Increased Cost of Hedging**" means that the Issuer and/or the Guarantor or any of their respective 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 (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, fund price risk, foreign exchange risk and interest rate risk) of the Issuer or the Guarantor (if applicable), issuing and performing its obligations with respect to the Notes, or (ii) 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, the Guarantor and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

"**Increased Cost of Stock Borrow**" means that the Issuer or any of its Affiliates would incur a rate to borrow any ETF Share that is greater than the Initial Stock Loan Rate.

"**Initial Stock Loan Rate**" means, in respect of an ETF Share, the initial stock loan rate specified in relation to such ETF Share in the Final Terms.

"**Insolvency Filing**" means that an ETF 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 ETF shall not be deemed an Insolvency Filing.

"**Knock-in Barrier**" means the price, amount, percentage or number specified as such in the Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in these ETF Linked Conditions.

"**Knock-in Determination Day**" means the date(s) specified as such in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-in Determination Period.

"**Knock-in Determination Period**" means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

"**Knock-in Event**" means the Knock-in Value is (A):

(i) greater than;

(ii) greater than or equal to;

(iii) less than; or

(iv) less than or equal to,

the Knock-in Barrier or (B) within or outside the Knock-in Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Final Terms,

"**Knock-in Period Beginning Date**" means the date specified as such in the Final Terms or, if the Knock-in Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-in Period Ending Date**" means the date specified as such in the Final Terms or, if the Knock-in Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-in Range**" means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in these ETF Linked Conditions.

"**Knock-in Valuation Time**" means the time or period of time on any Knock-in Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

"**Knock-in Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.1.

"**Knock-out Barrier**" means the price, amount, percentage or number specified as such in the applicable Final Terms, subject to adjustment from time to time in accordance with ETF Linked Condition 2(c)(i).

"**Knock-out Determination Day**" means the date(s) specified as such in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-out Determination Period.

"**Knock-out Determination Period**" means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

"**Knock-out Event**" means the Knock-out Value is (A):

(i) greater than,

(ii) greater than or equal to,

(iii) less than or

(iv) less than or equal to

the Knock-out Barrier or (B) within or outside the Knock-out Range (x) on a Knock-out Determination Day or (y) in respect of any Knock-out Determination Period, as specified in the Final Terms.

"**Knock-out Period Beginning Date**" means the date specified as such in the Final Terms or, if the Knock-out Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Fund Business Day.

"**Knock-out Period Ending Date**" means the date specified as such in the Final Terms or, if the Knock-out Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-out Range**" means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in these ETF Linked Condition 2(c)(i) (Consequences of an Extraordinary ETF Event - Adjustment) and ETF Linked Condition 2(b) (Extraordinary Fund Events).

"**Knock-out Valuation Time**" means the time or period of time on any Knock-out Determination Day specified as such in the Final Terms or, in the event that the Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

"**Knock-out Value**" has the meaning given to it in the Final Terms, being a term defined in the Payout Condition 5.1.

"**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 ETF Share in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

"**Market Disruption Event**" means, in respect of an ETF Share, the occurrence or existence of (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (a) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event, begins or ends at the time when the level of the relevant ETF Share triggers, respectively, the occurrence of

the Knock-in Event or Knock-out Event or (b) in all other circumstances that ends at the relevant Valuation Time, or (iii) an Early Closure.

"**Maximum Stock Loan Rate**" means, in respect of an ETF Share, the Maximum Stock Loan Rate specified in the Final Terms.

"**Number of NAV Publication Days**" means (i) the number of calendar days specified in the Final Terms, or (ii) if not specified in the Final Terms, the maximum number of days after the due date for publication or reporting of the net asset value per ETF Share after which the ETF Service Provider or any entity fulfilling such role, howsoever described in the ETF Documents, or any other party acting on behalf of the ETF, may remedy any failure to publish or report the net asset value per ETF Share in accordance with the relevant ETF Documents and before the Calculation Agent may determine that an Extraordinary ETF Event has occurred.

"**Observation Date**" means each date specified as an Observation Date in the Final Terms, or if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then the corresponding provisions in the definition of Valuation Date shall apply *mutatis mutandis* as if references in such provisions to Valuation Date were to Automatic Early Redemption Valuation Date.

"**Observation Period**" means the period specified as the Observation Period in the Final Terms.

"**Related Exchange**" means, in relation to an ETF Share, each exchange or quotation system specified as such for such ETF Share in the 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 ETF Share 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 ETF Share 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 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 ETF Share.

"**Scheduled Closing Time**" means, in respect of an Exchange on which an ETF Share is traded and/or listed, the scheduled weekday closing time of such Exchange.

"**Scheduled Trading Day**" means either (i) in the case of a single ETF and in relation to an ETF Share, Scheduled Trading Day (Single ETF Share Basis) or (ii) in the case of an ETF Basket, (a) Scheduled Trading Day (All ETF Shares Basis) or (b) Scheduled Trading Day (Per ETF Share Basis) or (c) Scheduled Trading Day (Cross Asset Basis), in each case as specified in the Final Terms, provided that, if no such specification is made in the Final Terms, Exchange Business Day (Per ETF Share Basis) shall apply.

"**Scheduled Trading Day (All ETF Shares Basis)**" means any day on which each Exchange and each Related Exchange are scheduled to be open for trading during their respective regular trading session(s).

"**Scheduled Trading Day (Cross Asset Basis)**" means, in respect of a basket of assets, any day on which each Exchange and each Related Exchange (if any) in respect of all ETFs comprised in the basket of assets is scheduled to be open for trading during its regular trading session which is also a Scheduled Trading Day for the purpose of the Index Linked Conditions and/or the Equity Linked Conditions, as applicable**.**

"**Scheduled Trading Day (Per ETF Share Basis)**" means, in respect of an ETF Share, any day on which the relevant Exchange and the relevant Related Exchange in respect of such ETF Share are scheduled to be open for trading during their respective regular trading session(s).

"**Scheduled Trading Day (Single ETF Share Basis)**" means any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading during their respective regular trading session(s).

"**Scheduled Valuation Date**" means any day which but for the occurrence of a Disrupted Day would have been a Valuation Date.

"**Screen Page**" means the page specified in the Final Terms, or any successor page or service thereto.

"**Settlement Cycle**" means, in respect of an ETF Share, the period of Clearance System Business Days following a trade in the ETF Share on the Exchange in which settlement will customarily occur according to the rules of such Exchange.

"**Settlement Price**" means, subject as referred to in relation to any Observation Date, Valuation Date or Averaging Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day, an amount equal to the official closing price (or the price at the Valuation Time or Knock-in Valuation Time or

Knock-out Valuation Time, as the case may be, on the relevant Settlement Price Date or an Averaging Date, as the case may be, if so specified in the Final Terms) quoted on the relevant Exchange for such ETF Share on (a) if Averaging is not specified in the Final Terms, the Observation Date, the Valuation Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day or (b) if Averaging is specified in the Final Terms, an Averaging Date (or if, in the opinion of the Calculation Agent, any such official closing price (or the price at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, on the Valuation Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day or such Averaging Date, as the case may be, if so specified in the Final Terms) cannot be so determined and the Valuation Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, on the Valuation Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day or such Averaging Date, as the case may be, if so specified in the Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as the case may be, on the Valuation Date, Automatic Early Redemption Valuation Date, Knock-in Determination Day or Knock-out Determination Day or such Averaging Date, as the case may be, if so specified in the Final Terms) for the ETF Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of such ETF Share or on such other factors as the Calculation Agent shall decide).

"**Settlement Price Date**" means any Automatic Early Redemption Valuation Date, Knock-in Determination Day, Knock-out Determination Day, Observation Date or Valuation Date, as the case may be.

"**Specified Maximum Days of Disruption**" means five (5) Scheduled Trading Days or such other number of Scheduled Trading Days specified in the Final Terms.

"**Stop-Loss Event**" means, in respect of an ETF Share, the price of any ETF Share as quoted on the relevant Exchange for such ETF Share at any time or the Scheduled Closing Time, as specified in the Final Terms, on any Scheduled Trading Day that is not a Disrupted Day in respect of such ETF Share on or after the Trade Date or, if later the Strike Date, is less than 5 per cent., or such percentage specified in the Final Terms, of its Settlement Price or, if no Settlement Price is stipulated in the Final Terms, the price given as the benchmark price for such ETF Share in the Final Terms, all as determined by the Calculation Agent.

"**Strike Date**" means the Strike Date specified in the Final Terms, as may be adjusted in accordance with the definition of "Valuation Date" below, provided that:

in the case of ETF Linked Notes relating to a ETF Basket, if the Strike Date for any ETF Share forming part of the ETF Basket is specified to be the Trade Date (subject, for the avoidance of doubt, to any adjustments relating to the Strike Date that are set out in the Final Terms) then:

(i) if the Strike Date for any ETF Share forming part of the ETF Basket is not a Scheduled Trading Day, the Strike Date for such ETF Share shall be the first succeeding Scheduled Trading Day; unless (ii) in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then the Strike Date for such ETF Share, shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day in respect of such ETF Share forming part of the ETF Basket unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the scheduled Strike Date is a Disrupted Day in respect of such ETF Share.

In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Strike Date for the relevant ETF Share, notwithstanding the fact that such day is a Disrupted Day with respect to such ETF Share, and (ii) the Calculation Agent shall determine the price of the ETF Share as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the price of that ETF Share 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 last such consecutive Scheduled Trading Day of each ETF Share comprised in that ETF Basket (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant ETF Share on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant ETF Share as of the Valuation Time on the last such consecutive Scheduled Trading Day) and otherwise in accordance with the above provisions.

"**Strike Day**" means each date specified as such in the applicable Final Terms.

"**Strike Period**" means the period specified as the Strike Period in the Final Terms.

"**Termination Amount**" means amount equal to the fair market value of a Note taking into account the relevant Extraordinary ETF Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion as soon as practicable following the occurrence of the relevant Extraordinary ETF Event (the "**Calculated Extraordinary ETF Event Amount Determination Date**").

"**Termination Date**" means (i) the date determined by the Issuer (which, for the avoidance of doubt shall be any date determined by the Issuer in its sole and absolute discretion) and specified in the notice given to the Noteholders in accordance with these ETF Linked Conditions.

"**Trading Disruption**" means, in relation to an ETF Share, 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 any Related Exchange or otherwise (i) relating to the ETF Share on the Exchange; or (ii) in futures or options contracts relating to the ETF Share on any relevant Related Exchange.

"**Valuation Date**" means the Coupon Valuation Date, Strike Date and/or Redemption Valuation Date, as the case may be, specified in the Final Terms or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

(a) in the case of ETF Linked Notes relating to a single ETF Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price in accordance with its good faith estimate of the Settlement Price as of the Valuation Time on that the last such consecutive Scheduled Trading Day; or

(b) in the case of ETF Linked Notes relating to a Basket of ETF Shares, the Valuation Date for each ETF Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each ETF Share affected (each an "**Affected Item**") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Settlement Price using its good faith estimate of the value for the Affected Item as of the Valuation Time on the last such consecutive Scheduled Trading Day and otherwise in accordance with the above provisions.

"**Valuation Time**" in relation to an ETF Share means either (i) the close of trading on the Exchange or (ii) as otherwise specified in the Final Terms.

"**Weighting**", in relation to an ETF Share, the weighting to be applied to it as specified in the Final Terms or if no weighting is so specified then no such weighting shall apply.

ANNEX 5

ADDITIONAL TERMS AND CONDITIONS FOR FUND LINKED NOTES

*If specified as applicable in the Final Terms, the terms and conditions applicable to Fund Linked Notes shall comprise the General Conditions and the additional terms and conditions for Fund Linked Notes set out below (the "**Fund Linked Conditions**"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms and subject to completion in the Final Terms. In the event of any inconsistency between the General Conditions and the Fund Linked Conditions, the Fund Linked Conditions shall prevail. In the event of any inconsistency between the Fund Linked Conditions and the Payout Conditions, the Payout Conditions shall prevail.*

1. Extraordinary Fund Events

"**Extraordinary Fund Event**" means, in the determination of the Calculation Agent, the occurrence at any time on or after the Issue Date of any of the following events and any applicable Additional Extraordinary Fund Event:

(a) all the Fund Shares or all or substantially all the assets of a Fund are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;

(b) by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Fund, (i) all the Fund Shares of that Fund are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Fund Shares of that Fund become legally prohibited from transferring or redeeming them;

(c) the Fund or any Fund Service Provider (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger), (ii) makes a general assignment or arrangement with or for the benefit of its creditors; (iii) (1) 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 (2) 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 sub-clause (iii)(1) above and either (x) 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 (y) is not immediately dismissed, discharged, stayed or restrained; (iv) 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; (v) 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 immediately dismissed, discharged, stayed or restrained; or (vi) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an effect analogous to any of the events specified in sub-clauses (i) to (v) above;

(d) the commencement of any investigative, judicial, administrative or other civil or criminal proceedings against the Fund, any Fund Service Provider or any key personnel of such entities, if such proceedings could (in the opinion of the Calculation Agent) have an adverse impact on a Hedge Provider's rights or obligations in relation to hedging activities in respect of the Notes;

(e) any Fund Service Provider or other agent or entity fulfilling such role, howsoever described in the Fund Documents as at the Issue Date, ceases to act in such capacity in relation to the Fund and is not immediately replaced in such capacity by a successor acceptable to the Calculation Agent;

(f) (i) any of the investment objectives, investment restrictions or investment process (howsoever described) of the Fund are modified from that set out in the Fund Documents except where such change is of a formal, minor or technical nature or (ii) a material modification of the type of assets in which the Fund invests (including but not limited to a material deviation from the investment objectives, investment restrictions or investment process (howsoever described) set out in the Fund Documents);

(g) a material modification of the Fund (including but not limited to a modification of the Fund Documents) or a material modification of the method of calculating the net asset value per Fund Share, or any change in the period or timing of the calculation or the publication of the net asset value per Fund Share or the occurrence of any event which in the determination of the Calculation Agent has or may have an adverse impact on the Fund

or investors in the Fund (including, without limitation, the suspension of the net asset value per Fund Share), in each case other than a modification or event which does not affect the Fund Shares or the Fund or any portfolio of assets to which the Fund Share relate (either alone or in common with other Fund Shares issued by the Fund);

(h) any Fund Service Provider fails to provide the Calculation Agent, within a reasonable time, with any information that the Calculation Agent has reasonably requested regarding the investment portfolio of the Fund;

(i) (i) the occurrence of any event affecting a Fund Share that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of the relevant Fund Share; (ii) any failure of the Fund, or its authorised representative, to deliver, or cause to be delivered, (1) information that the Fund has agreed to deliver, or cause to be delivered to the Calculation Agent or Hedge Provider, or (2) information that has been previously delivered to any Hedge Provider or the Calculation Agent, as applicable, in accordance with the Fund's, or its authorised representative's, normal practice and that any Hedge Provider deems necessary for it or the Calculation Agent, as applicable, to monitor such Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the relevant Fund Share;

(j) any of the Fund, the Fund Service Providers, howsoever described in the Fund Documents, or any other party acting on behalf of the Fund fails for any reason to calculate and publish the NAV per Fund Share within the Number of NAV Publication Days following any date scheduled for the determination of the valuation of the Fund Shares unless the cause of such failure to publish is of a technical nature and outside the control of the entity responsible for such publication;

(k) (i) any relevant activities of or in relation to the Fund or the Fund Service Providers are or become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any present or future law, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, (ii) a relevant authorisation or licence is revoked or is under review by a competent authority in respect of the Fund Service Providers, (iii) the Fund is required by a competent authority to redeem any Fund Shares and/or (iv) the Issuer, the Guarantor and/or any Hedge Provider is required by a competent authority, the Fund or any other relevant entity to dispose of or compulsorily redeem any Fund Shares held in connection with any hedging arrangements relating to the Notes;

(l) (i) the non-execution or partial-execution by the Fund for any reason of a subscription or redemption order in respect of any Fund Shares (including, for the avoidance of any doubt, any non-execution by the Fund pending completion of its fiscal audit), if such non-execution or partial execution could in the sole determination of any Hedge Provider have an adverse impact on any Hedge Provider's rights or obligations in relation to its hedging activities in relation to the Notes, (ii) the Fund otherwise suspends or refuses transfers of any of its Fund Shares as described in the Fund Documents, (iii) if applicable, the Fund ceases to be an undertaking for collective investments under the relevant jurisdiction's legislation, (iv) the Fund otherwise suspends or refuses redemptions of any of its Fund Shares (including, without limitation, if the Fund applies any gating, deferral, suspension or other similar provisions permitting the Fund to delay or refuse redemption or transfer of Fund Shares) as described in the Fund Documents, (v) the Fund imposes in whole or in part any restriction (including, without limitation, any redemption *in specie*), charge or fee in respect of a redemption or subscription of its Fund Shares by the Issuer or any Hedge Provider or exercises its right to claw back the proceeds already paid on redeemed Fund Shares, if in any case it could in the sole determination of any Hedge Provider have an adverse impact on any Hedge Provider's rights or obligations in relation to its hedging activities in relation to the Notes, (vi) a mandatory redemption, in whole or in part, of the Fund Shares is imposed by the Fund on any one or more holders of Fund Shares at any time for any reason or (vii) the Issuer, any Hedge Provider, or any Affiliate thereof, is required by the Fund or Fund Service Provider to redeem any Fund Shares for any reason;

(m) the aggregate net asset value of the Fund falls below the level of the NAV Barrier;

(n) a NAV Trigger Event occurs;

(o) any proposal to wind up the Fund or the Fund ceases to exist or there exists any litigation against the Fund or a Fund Service Provider which in the determination of the Calculation Agent could materially affect the value of the Fund Shares;

(p) the currency or denomination of the Fund Share is amended from that set out in the Fund Documents so that the net asset value per Fund Share is no longer calculated in the same currency as at the Trade Date;

(q) one or more of the key individuals involved with, or having supervision over, the Fund ceases to act in such capacity, and the Fund or relevant Fund Service Provider fails to appoint a replacement having similar qualifications to those of the key individual or individuals ceasing to act;

(r) following the issue by a Fund of a new class or series (howsoever described in the Fund Documents) of shares, the Calculation Agent, determines that such new class or series of shares has or may have an adverse effect on the hedging activities of the Hedge Provider in relation to the Notes;

(s) where the Notes are linked to a Fund Basket, a Basket Trigger Event;

(t) there is a change in or in the official interpretation or administration of any laws or regulations relating to taxation that has or is likely to have a material adverse effect on any hedging arrangements entered into by any Hedge Provider in respect of the Notes (a "**Tax Event**") and, subject as provided below, the Issuer or the Hedge Provider has, for a period of one calendar month following the day the relevant Tax Event became known to it, used reasonable efforts to mitigate the material adverse effect of the Tax Event by seeking to transfer such hedging arrangements to any of its Affiliates, provided that the Issuer or the Hedge Provider shall not under any circumstances be obliged to take any steps which would result in sustaining a loss or expense of any kind and the period set out above for such mitigation shall be deemed satisfied on any date the Calculation Agent determines that there is no reasonable means of mitigating the Tax Event as provided above;

(u) in connection with any hedging activities in relation to the Notes, as a result of any adoption of, or any change in, any law, order, regulation, decree or notice, howsoever described, after the Issue Date, or issuance of any directive or promulgation of, or any change in the interpretation, whether formal or informal, by any court, tribunal, regulatory authority or similar administrative or judicial body of any law, order, regulation, decree or notice, howsoever described, after such date or as a result of any other relevant event (each a "**Relevant Event**") (i) it would become unlawful or impractical for the Issuer or the Hedge Provider to hold (including, without limitation, circumstances requiring the Hedge Provider or the Issuer to adversely modify any reserve, special deposit, or similar requirement or that would adversely affect the amount of regulatory capital that would have to be maintained in respect of any holding of Fund Shares or that would subject a holder of the Fund Shares or the Issuer to any loss), purchase or sell any Fund Shares of the Fund or for the Issuer or the Hedge Provider to maintain such hedging arrangements, (ii) the cost to the Issuer or the Hedge Provider of such hedging activities would be materially increased for any reason or (iii) the Issuer and/or the Hedge Provider would be subject to a material loss and, subject as provided below, the Issuer or the Hedge Provider has, for a period of one calendar week following the day the Relevant Event became known to it, used reasonable efforts to mitigate the effect of the Relevant Event by seeking to transfer such hedging arrangements to any of its Affiliates, provided that the Issuer or the Hedge Provider shall not under any circumstances be obliged to take any steps which would result in sustaining a loss or expense of any kind and the period of one calendar week set out above shall be deemed satisfied on any date the Calculation Agent determines that that there is no means of mitigating the Relevant Event as provided above; or

(v) in connection with the hedging activities in relation to the Notes, if the cost to the Issuer or the Hedge Provider in relation to the Notes would be materially increased or the Issuer and/or the Hedge Provider would be subject to a material loss.

2. Consequences of an Extraordinary Fund Event

If the Calculation Agent determines that an Extraordinary Fund Event has occurred, including any Additional Extraordinary Fund Event specified in the Final Terms, the Calculation shall notify the Issuer and the Issuer shall give notice (an "**Extraordinary Event Notice**") to the Noteholders in accordance with General Condition 13 (Notices) of the occurrence of such Extraordinary Fund Event (the date on which an Extraordinary Fund Event is gives, an "**Extraordinary Fund Event Notification Date**"), giving details of the Extraordinary Fund Event and the action to be taken in respect thereof, including details of any Termination Date and Termination Amount (where applicable).

If an Extraordinary Fund Event occurs, including any Additional Extraordinary Fund Event specified in the Final Terms the Issuer in its sole and absolute discretion may take any of the actions (each an "**Extraordinary Fund Event Action**") described in subparagraphs (a) to (c) inclusive below.

(a) Adjustment

If the Issuer, in its sole and absolute discretion, determines that the action to be taken in respect of the Extraordinary Fund Event is to be "Adjustment", then the Calculation Agent may determine, in its sole and absolute discretion, the appropriate adjustment(s), if any, to be made to any one or more Fund, Fund Share and/or the Weighting and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to take account of the Extraordinary Fund Event and determine the effective date of such adjustment.

(b) Substitution

A "**Substitution Event**" may be deemed to have occurred if the Calculation Agent determines that any of the Extraordinary Fund Events set out Fund Linked Condition 1 or any Additional Extraordinary Fund Event specified in the Final Terms occurs. Following the occurrence of a Substitution Event in respect of any Fund Share, the Calculation Agent shall:

(i) determine the weighted average price at which an investor can redeem the affected Fund Shares in the relevant Fund in such number as determined by the Calculation Agent in its sole and absolute discretion as soon as it is reasonably practicable after its determination of the Substitution Event;

(ii) for a period of not longer than 14 calendar days after the date of its determination of the Substitution Event, use reasonable efforts to substitute the relevant Fund Shares with shares, units or other similar interests in an alternative fund which, in the determination of the Calculation Agent, has similar characteristics to the relevant Fund, including but not limited to, comparable investment objectives, investment restrictions and investment processes and has service providers acceptable to the Calculation Agent;

(iii) if no alternative fund can be determined pursuant to the preceding sub-paragraph (ii) above, use reasonable efforts to substitute the relevant Fund with an index (or a fund tracking an index) selected by the Calculation Agent in its sole and absolute discretion; and

(iv) following any substitution in accordance with sub-paragraph (ii) or (iii) above (a "**Substitution**"), in its sole and absolute discretion amend such of the General Conditions, these Fund Linked Conditions and/or the Final Terms as it determines to be appropriate to take account of such Substitution, including to ensure the weighted average price referred to in (i) above (and any consequent rise or fall in value of the affected Fund Shares since the Issue Date) is reflected in the terms of the Substitution.

(c) Termination

A "**Termination Event**" may be deemed to have occurred in respect to any Fund or Fund Share, if the Calculation Agent determines that any of the Extraordinary Fund Events set out in Fund Linked Condition 1 or any Additional Extraordinary Fund Event specified in the Final Terms occurs. Upon the occurrence of a Termination Event the Issuer (i) shall redeem all but not some only of the Notes on the Termination Date by payment to each Noteholder of the Termination Amount , or (ii) require the Calculation Agent to determine the Calculated Extraordinary Fund Event Amount on the Calculated Extraordinary Fund Event Amount Determination Date, and redeem each Note on the scheduled Maturity Date by payment of the Calculated Extraordinary Fund Event Amount. For avoidance of any doubt, the Termination Amount shall not accrue any interest from the date of its calculation to the Termination Date.

Notwithstanding General Condition 4(g), each Note shall cease to bear interest from and including the Calculated Extraordinary Fund Event Amount Determination Date and no interest amounts scheduled for payment thereafter (including, for the avoidance of doubt, including any Specified Interest Amounts) shall be payable.

3. Redemption / Termination Date Extension

In the case of Cash Settled Notes, if on the Scheduled Maturity Date, Automatic Early Redemption Date or Termination Date, as the case may be, the Hedge Provider has not, (or is deemed to have not), after having placed one or more redemption orders in respect of its holding of Fund Shares in accordance with the terms of the relevant Fund Documents, received redemption proceeds in full in respect of all Fund Shares (the "**Redemption Proceeds**"), the Calculation Agent may notify the Issuer and the Issuer shall notify the Holders as soon as practicable in accordance with General Condition 13 that the Scheduled Maturity Date, the Automatic Early Redemption Date or the Termination Date, as the case may be, has been postponed. As soon as practicable following receipt (or deemed receipt) by the Hedge Provider of the Redemption Proceeds the Calculation Agent shall give notice to the Issuer and the Issuer shall give notice to the Holders in accordance with General Condition 13 (such notice the "**Delayed Payment Notice**") and redeem the Notes on the date falling not more than five Business Days following the receipt of the Delayed Payment Notice (such date, the "**Postponed Redemption Date**") by payment to each Holder of the Final Redemption Amount, the Automatic Early Redemption Amount or the Termination Amount, as the case may be, provided that, if the Hedge Provider does not receive the Redemption Proceeds within the period ending on the date (the "**Delayed Payment Cut-off Date**") specified in the Final Terms or, if not so specified, the second anniversary of the Scheduled Maturity Date, the Automatic Early Redemption Date or the Termination Date, as the case may be, the Postponed Redemption Date shall be the Delayed Payment Cut-off Date and the Final Redemption

Amount, the Automatic Early Redemption Amount or the Termination Amount will be calculated by reference to the redemption proceeds actually received by the Hedge Provider which may be zero.

In the case of interest bearing Notes, subject to Fund Linked Condition 2(c) above, the Issuer shall be obliged to pay interest calculated as provided in General Condition 4 accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date, the Automatic Early Redemption Date or the Termination Date, as the case may be, (or, if none, the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date, the Automatic Early Redemption Date or the Termination Date, as the case may be, but shall only be obliged to make such payment of interest on the Postponed Redemption 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.

4. Knock-in Event and Knock-out Event

(a) This Fund Linked Condition 4 is applicable only if:

(i) Knock-in Event is specified as applicable in the Final Terms, in which case any payment under the Notes which is expressed to be subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event; or

(ii) If Knock-out Event is specified as applicable in the Final Terms, in which case any payment under the Notes which is expressed to be subject to a Knock-out Event shall be conditional upon the occurrence of such Knock-out Event.

5. Automatic Early Redemption

If "**Automatic Early Redemption Event**" is specified as applicable in the Final Terms, then unless previously redeemed or purchased and cancelled, if (i) on any Automatic Early Redemption Valuation Date or (ii) in respect of an Automatic Early Redemption Valuation Period if on any or all Automatic Early Redemption Valuation Date(s), as specified in the Final Terms, an Automatic Early Redemption Event occurs, then the Notes will, subject as provided in Fund Linked Condition 3, be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date or Automatic Early Redemption Valuation Period and the Issuer shall redeem each Note at an amount equal to the relevant Automatic Early Redemption Amount.

6. Definitions

"**Additional Extraordinary Fund Event**" means (i) (unless specified otherwise in the Final Terms) Change in Law, (ii) Failure to Deliver (in the case of notes to be redeemed by delivery), and (iii) Hedging Disruption and Increased Cost of Hedging, if specified in the 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.

"**Automatic Early Redemption Amount**" means an amount, in respect of each nominal amount of Notes equal to the Calculation Amount, being the Automatic Early Redemption Amount set out in the Final Terms.

"**Automatic Early Redemption Date**" means each date specified as such in the Final Terms, or if such date is not a Business Day, the immediately succeeding Business Day, provided that no additional amount shall be payable to Holders as a result of such delay.

"**Automatic Early Redemption Event**" means the AER Value is (A):

(i) greater than;

(ii) greater than or equal to;

(iii) less than; or

(iv) less than or equal to,

the Automatic Early Redemption Trigger,

(i), (ii), (iii) or (iv) applying or (B) within or outside the Automatic Early Redemption Range, as specified in the Final Terms,

"**Automatic Early Redemption Trigger**" means the price, amount, percentage or number specified as such in the Final Terms, subject to adjustment as provided in Fund Linked Condition 2(a) above.

"**Automatic Early Redemption Range**" means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in these Fund Linked Conditions.

"**Automatic Early Redemption Valuation Date**" means each date specified as such in the Final Terms and if such a date is not a Fund Business Day, the immediately following Fund Business Day.

"**Automatic Early Redemption Valuation Period**" means each period specified as such in the Final Terms.

"**AER Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.1 (*General Definitions*).

"**Averaging Date**" means each date specified as an Averaging Date in the Final Terms or if any such date is not a Fund Valuation Date, the immediately following Fund Valuation Date, unless such immediately following day is, due to the occurrence of an Extraordinary Fund Event not a Fund Valuation Date.

If any such day is not a Fund Valuation Date (a "Fund Non-Valuation Date"), then:

(a) if "**Omission**" is specified as applying in the Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price or NAV per Fund Share as applicable provided that if through the operation of this provision no Averaging Date would occur, then the Calculation Agent may, in its sole and absolute direction, take any of the Extraordinary Fund Event Actions; or

(b) if "**Postponement**" is specified as applying in the Final Terms then:

(i) In the case of Fund Linked Notes relating to a single Fund, the Averaging Date shall be the first succeeding Valid Date that is not a Fund Non-Valuation Date (irrespective of whether such date is an Averaging Date), unless each of the number of consecutive Valid Dates equal to the Number of NAV Publication Days immediately following the original date that, but for the occurrence of such day being a Fund Non-Valuation Date, would have been the relevant Averaging Date. In that case, (i) the last such consecutive Valid Date shall be deemed to be the Averaging Date notwithstanding the fact that such day is also an Averaging Date and (ii) the Calculation Agent in its sole an absolute discretion may take any Extraordinary Fund Event Actions.

(ii) in the case of Fund Linked Notes relating to a Fund Basket, the Averaging Date for each Fund Share not affected by the occurrence of a Fund Non-Valuation Date shall be the original Averaging Date (the "Scheduled Averaging Date"), and the Averaging Date for each Fund Share affected (each an "Affected Item") by the occurrence of a Fund Non-Valuation Date shall be the first succeeding Valid Date that is not a Fund Non-Valuation Date relating to the Affected Item (regardless of whether such Valid Date is an Averaging Date) unless each of the number of consecutive Valid Dates equal to the Number of NAV Publication Days immediately following the Scheduled Averaging Date is a Fund Non-Publication Date relating to the Affected Item. In that case, (i) the last such consecutive date shall be deemed to be the Averaging Date for the Affected Item, notwithstanding the fact that such day is an Averaging Date, and (ii) the Calculation Agent shall in its sole and absolute discretion may take any Extraordinary Fund Event Actions.

(c) if "**Modified Postponement**" is specified as applying in the Final Terms then:

(i) where the Notes are Fund Linked Notes relating to a single Fund, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for a number of consecutive Fund Business Days equal to the Number of NAV Publication Days immediately following the original date that, but for the occurrence of such date being a Fund Non-Valuation Date or another Averaging Date, would have been the relevant Averaging Date, then, (A) that last such consecutive Fund Business Day shall be deemed to be the Averaging Date (irrespective of whether such Fund Business Day is already an Averaging Date), and (B) the Calculation Agent in its sole and absolute direction, take any of the Extraordinary Fund Event Actions;

(ii) where the Notes are Fund Linked Notes relating to a Fund Basket, the Averaging Date for each Fund Share not affected by the occurrence of a Fund Non-Valuation Date shall be the

originally designated Averaging Date (the "**Scheduled Averaging Date**") and the Averaging Date for each Fund Share affected by the occurrence of a Fund Non-Valuation Date shall be the first succeeding Valid Date (as defined below) in relation to such Fund Share. If the first succeeding Valid Date has not occurred for a number of consecutive Fund Business Days equal to the Number of NAV Publication Days immediately following the Scheduled Averaging Date that, but for the occurrence of such date being a Fund Non-Valuation Date or another Averaging Date, would have been the relevant Averaging Date, then (A) that last such consecutive Fund Business Day shall be deemed to be the Averaging Date (irrespective of whether such Fund Business Day is already an Averaging Date), and (B) the Calculation Agent in its sole and absolute direction, take any of the Extraordinary Fund Event Actions; and

(iii) for the purposes of these Fund Linked Conditions, "**Valid Date**" means a Fund Valuation Date which is not a Fund Non-Valuation Date and on which another Averaging Date does not or is not deemed to occur.

"**Basket Trigger Event**" means that a Substitution Event occurs in respect of one or more Funds comprising the Fund Basket which has or, in the event that a Substitution Event has occurred in respect of more than one Fund, together have, a Weighting in the Fund Basket equal to or greater than the Basket Trigger Level.

"**Basket Trigger Level**" has the meaning given to it in the Final Terms or if not so specified, 50 per cent.

"**Calculation Date**" means each day(s) specified in the Final Terms, or if not so specified, each day which is a Fund Business Day.

"**Change in Law**" means that, on or after the Trade Date (as specified in the Final Terms) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) 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 Issuer determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant Fund Share and/or (B) it will incur a materially increased cost in performing its obligations in relation to the Fund Linked 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).

"**Failure to Deliver**" means failure of the Issuer and/or any of its Affiliates to deliver, when due, the Relevant Assets comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for such Fund Shares.

"**Final Calculation Date**" means the date specified as such in the Final Terms or, if such day is not a Fund Business Day, the immediately succeeding Fund Business Day.

"**Fund**" means Fund(s), or sub-Fund(s) specified in the Final Terms.

"**Fund Basket**" means a Basket comprising the Fund Shares specified in the Final Terms.

"**Fund Business Day**" has the meaning specified in the Final Terms, or, if not so specified, (i) in respect of a single Fund (Single Fund Share Basis), a date (a) that is a Fund Valuation Date and (b) on which the Hedging Provider has, or could have a subscription or redemption order for the Fund Shares executed at the NAV per Fund Share published by the Fund (or the Fund Service Provider that generally published or reports that value) in respect of such Fund Valuation Date; and (ii) in respect of a Fund Basket, either Fund Business Day (All Fund Shares Basis) or Fund Business Day (Per Fund Share Basis) as specified in the Final Terms, provided that, if no such specification is made in the Final Terms, Fund Business Day (Per Fund Share Basis) shall apply.

"**Fund Business Day (All Fund Shares Basis)**" means with respect to a Fund Basket, a date (i) that is a Fund Valuation Date for all Fund Shares comprising the Fund Basket and (ii) on which the Hedging Provider has, or could have a subscription or redemption order for the Fund Shares executed at the NAV per Fund Share published by the Fund (or the Fund Service Provider that generally published or reports that value) in respect of such Fund Valuation Date.

"**Fund Business Day (Per Fund Share Basis)**" means with respect to a Fund Share, a date (i) that is a Fund Valuation Date in respect of such Fund Share and (ii) on which the Hedging Provider has, or could have a subscription or redemption order for the Fund Shares executed at the NAV per Fund Share published by the Fund (or the Fund Service Provider that generally published or reports that value) in respect of such Fund Valuation Date.

"**Fund Business Day (Single Fund Shares Basis)**" means a date (i) that is a Fund Valuation Date and (ii) on which the Hedging Provider has, or could have a subscription or redemption order for the Fund Shares executed at the NAV per Fund Share published by the Fund (or the Fund Service Provider that generally published or reports that value) in respect of such Fund Valuation Date.

"**Fund Documents**" means, with respect to any Fund Share, the constitutive and governing documents, subscription agreements and other agreements of the Fund specifying the terms and conditions relating to such Fund Shares or as at the Issue Date, as amended from time to time.

"**Fund Service Provider**" means, in respect of any Fund, any person who is appointed to provide services, directly or indirectly, for such Fund, whether or not specified in the Fund Documents, including any investment advisor or manager, fund adviser, fund administrator, operator, management company, depository, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent, domiciliary agent and any other person specified as such in the Fund Documents.

"**Fund Share(s)**" means an ownership interest issued to or held by an investor in a fund, pooled investment vehicle or any other interest specified as such in the Final Terms.

"**Fund Valuation Date**" means any date as of which, in accordance with the Fund Documents, the Fund (or the Fund Service Provider that generally determines such value) is but for the occurrence of an Extraordinary Fund Event would have been scheduled to determine the NAV per Fund Share.

"**Hedge Provider**" means the party (being, *inter alia*, the Issuer, the Guarantor (if applicable), the Calculation Agent, an Affiliate or any third party) from time to time who hedges the Issuer's obligations in respect of the Notes or where no such party actually hedges such obligations, a hypothetical investor, who shall be deemed to enter into transactions as if hedging such obligations. The Hedge Provider will hold or be deemed to hold such number of Fund Shares, or enter or be deemed to enter into any agreement to purchase or deliver, or pay an amount linked to the performance of, such number of Fund Shares as it (or in the case of a hypothetical investor, the Calculation Agent) considers would be held by a prudent issuer as a hedge for its exposure under the relevant Notes.

"**Hedging Disruption**" means that the Issuer and/or the Guarantor or any of its Affiliates is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the fund price risk or any other relevant price risk including but not limited to the currency risk of the Issuer or the Guarantor (if applicable), issuing and performing its obligations with respect to the Notes, or (ii) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

"**Increased Cost of Hedging**" means that the Issuer and/or the Guarantor or any of their respective 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 (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, fund price risk, foreign exchange risk and interest rate risk) of the Issuer or the Guarantor (if applicable), issuing and performing its obligations with respect to the Notes, or (ii) 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, the Guarantor and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

"**Initial Calculation Day**" means such day specified as such in the Final Terms, or if such day is not a Fund Business Day, the immediately succeeding Fund Business Day.

"**Initial Calculation Date**" means the date specified as such in the Final Terms, or if such day is not a Fund Business Day, the immediately succeeding Fund Business Day.

"**Initial Calculation Period**" means such period specified as such in the Final Terms.

"**Knock-in Barrier**" means the price, amount, percentage or number specified as such in the Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in these Fund Linked Condition.

"**Knock-in Determination Day**" means the date(s) specified as such in the Final Terms, or otherwise each Fund Business Day during the Knock-in Determination Period.

"**Knock-in Determination Period**" means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

"**Knock-in Event**" means the Knock-in Value is (A):

(i) greater than;

(ii) greater than or equal to;

(iii) less than; or

(iv) less than or equal to,

the Knock-in Barrier or (B) within or outside the Knock-in Range (x) on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Final Terms,

"**Knock-in Period Beginning Date**" means the date specified as such in the Final Terms or, if the Knock-in Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Fund Business Day, the next following Fund Business Day.

"**Knock-in Period Ending Date**" means the date specified as such in the Final Terms or, if the Knock-in Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Fund Business Day, the next following Fund Business Day.

"**Knock-in Range**" means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in these Fund Linked Conditions.

"**Knock-in Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.1.

"**Knock-out Barrier**" means the price, amount, percentage or number specified as such in the applicable Final Terms, subject to adjustment from time to time in accordance with Fund Linked Condition 2(a).

"**Knock-out Determination Day**" means the date(s) specified as such in the Final Terms, or otherwise each Fund Business Day during the Knock-out Determination Period.

"**Knock-out Determination Period**" means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

"**Knock-out Event**" means the Knock-out Value is (A):

(i) greater than,

(ii) greater than or equal to,

(iii) less than or

(iv) less than or equal to

the Knock-out Barrier or (B) within or outside the Knock-out Range (x) on a Knock-out Determination Day or (y) in respect of any Knock-out Determination Period, as specified in the Final Terms.

"**Knock-out Period Beginning Date**" means the date specified as such in the Final Terms or, if the Knock-out Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Fund Business Day, the next following Fund Business Day.

"**Knock-out Period Ending Date**" means the date specified as such in the Final Terms or, if the Knock-out Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Fund Business Day, the next following Fund Business Day.

"**Knock-out Range**" means the range of prices, amounts, percentages or numbers specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Fund Linked Condition 1 (Extraordinary Fund Events).

"**Knock-out Value**" has the meaning given to it in the Final Terms, being a term defined in the Payout Condition 5.1.

"**NAV Barrier**" has the meaning given to it in the Final Terms.

"**NAV Trigger Event**" means, in respect of any Fund Shares, that (i) the NAV per Fund Share has decreased by an amount equal to, or greater than, the NAV Trigger Percentage(s) at any time during the related NAV Trigger Period; or (ii) the Fund has violated any leverage restriction that is applicable to, or affecting, such Fund 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 Fund Documents or any other contractual restriction binding on or affecting the Fund or any of its assets.

"**NAV Trigger Percentage**" means the percentage specified in the Final Terms or, if not so specified, 50 per cent.

"**NAV Trigger Period**" means the period specified in the Final Terms, or if not so specified the period from and including the Initial Calculation Date to and including the Final Calculation Date.

"**NAV per Fund Share**" means, subject as referred to in Averaging Date, with respect to the relevant Fund Share and a Fund Valuation Date:

(a) in respect of a single Fund, (i) if Averaging is not specified in the Final Terms, (A) the net asset value per Fund Share of such Fund Shares as of the relevant Fund Valuation Date, or (B), if the Fund Service Provider of the Fund publishes or reports only the aggregate net asset value of the Fund Shares, the net asset value per Fund Share relating to such number of Fund Shares as of the relevant Calculation Date as calculated by the Calculation Agent on the basis of such aggregate net asset value of the Fund Shares divided by the relevant number of Fund Shares issued and outstanding on the related Fund Valuation Date, each of (A) or (B) as reported by the Fund Service Provider that generally publishes or reports such value on behalf of the Fund to its investors or a publishing service; or (ii) if Averaging is specified in the Final Terms, the arithmetic mean of the net asset values per Fund Share, (determined in accordance with either (A) or (B) of the foregoing sentence) of such Fund Shares on each Averaging Date; and

(b) in respect of a Fund Basket, (i) if Averaging is not specified in the Final Terms, (A) the net asset value per Fund Share for each Fund Share in the Fund Basket as of the relevant Fund Valuation Date, or (B), if the Fund Service Provider of the Fund in relation to a Fund in the Fund Basket publishes or reports only the aggregate net asset value of the Fund Shares, the net asset value per Fund Share relating to such number of Fund Shares as of the relevant Calculation Date for such Fund as calculated by the Calculation Agent on the basis of such aggregate net asset value of the Fund Shares for such Fund divided by the relevant number of Fund Shares issued by such Fund and outstanding on the related Fund Valuation Date, or (ii) if Averaging is specified in the Final Terms, the arithmetic mean, for each Fund Share in the Fund Basket of the net asset values per Fund Share for each Fund in the Fund Basket (determined in accordance with either (A) or (B) of the foregoing sentence) relating to such Fund Shares on each Averaging Date.

"**Number of NAV Publication Days**" means (i) the number of calendar days specified in the Final Terms, or (ii) if not specified in the Final Terms, the maximum number of days after the due date for publication or reporting of the NAV per Fund Share after which the Fund Service Provider or any entity fulfilling such role, howsoever described in the Fund Documents, or any other party acting on behalf of the Fund, may remedy any failure to publish or report the NAV per Fund Share in accordance with the relevant Fund Documents and before the Calculation Agent may determine that an Extraordinary Fund Event has occurred.

"**Observation Date**" means each date specified as an Observation Date in the Final Terms, or if any such date is not a Fund Business Day, the immediately following Fund Business Day.

"**Observation Period**" means the period specified as the Observation Period in the Final Terms.

"**Termination Amount**" means amount equal to the fair market value of a Note taking into account the relevant Extraordinary Fund Event (the "**Calculated Extraordinary Fund Event Amount**"), less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Modified Calculated Extraordinary Fund Event Amount**"), all as determined by the Calculation Agent in its sole and absolute discretion as soon as practicable following the occurrence of the relevant Extraordinary Fund Event (the "**Calculated Extraordinary Fund Event Amount Determination Date**").

"**Termination Date**" means the date determined by the Issuer (which, for the avoidance of doubt shall be any date determined by the Issuer in its sole and absolute discretion) and specified in the notice given to the Noteholders in accordance with these Fund Linked Conditions.

"**Weighting**", in relation to a Fund Share, the weighting to be applied to it as specified in the Final Terms or if no weighting is so specified then no such weighting shall apply.

ANNEX 6

ADDITIONAL TERMS AND CONDITIONS FOR INFLATION LINKED NOTES

*If specified as applicable in the Final Terms, the terms and conditions applicable to Inflation Linked Notes shall comprise the General Conditions and the additional terms and conditions for Inflation Linked Notes set out below (the "**Inflation Linked Conditions**"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms and subject to completion in the Final Terms. In the event of any inconsistency between the General Conditions and the Inflation Linked Conditions, the Inflation Linked Conditions shall prevail. In the event of any inconsistency between the Inflation Linked Conditions and the Payout Conditions, the Payout Conditions shall prevail.*

1. Delay in Publication

If the Calculation Agent determines that a Delayed Index Level Event in respect of an Index has occurred, then the Relevant Level with respect to any Reference Month which is to be utilised in any calculation of any payment under the Notes and/or any other determination to be made in respect of the Notes (the "**Substitute Inflation Index Level**") shall be determined by the Calculation Agent (subject to Inflation Linked Condition 1 (b) below), as follows:

(a) if Related Bond is specified as applicable in the Final Terms, the Calculation Agent shall determine the Substitute Inflation Index Level by reference to the corresponding index level determined under the terms and conditions of the relevant Related Bond; or

(b) if (i) Related Bond is not specified as applicable in the relevant Final Terms, or (ii) the Calculation Agent is not able to determine a Substitute Inflation Index Level under (a) above for any reason, then the Calculation Agent shall determine the Substitute Inflation Index Level by reference to the following formula:

$$\text{Substitute Inflation Index Level} = \text{Base Level} \times (\text{Latest Level} / \text{Reference Level}),$$

where:

"**Base Level**" means the level of the Index (excluding any "flash" estimates) published or announced by the 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 the latest level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor prior to the month in respect of which the Substitute Inflation Index Level is being determined.

"**Reference Level**" means the level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month that is 12 calendar months prior to the month referred to in "Latest Level" above.

The Issuer shall promptly give notice to Noteholders in accordance with General Condition 13 of any Substitute Inflation Index Level calculated pursuant to this Inflation Linked Condition 1.

If the Relevant Level is published or announced at any time on or after the relevant Cut-Off Date specified in the Final Terms, then, subject as provided in Inflation Linked Condition 3 such Relevant Level will not be used in any calculations. The Substitute Inflation Index Level so determined pursuant to this Inflation Linked Condition 1 will be the definitive level for that Reference Month.

2. Successor Index

If the Calculation Agent determines that the level of an Index has not been published by the Index Sponsor for two consecutive months and/or the Index Sponsor announces that it will no longer continue to publish or announce the Index and/or the Index Sponsor cancels the Index then the Calculation Agent shall determine a successor index (a "**Successor Index**") (in lieu of any previously applicable Index) for the purposes of the Notes as follows:

(a) if Related Bond is specified as applicable in the Final Terms, the Calculation Agent shall determine a Successor Index by reference to the corresponding successor index determined under the terms and conditions of the Related Bond;

(b) if (x) Related Bond is not specified as applicable in the Final Terms or (y) a Related Bond Redemption Event is specified as applying in the Final Terms and has occurred and Fallback Bond is not specified as applicable in the Final Terms, the Index Sponsor announces that it will no longer publish or announce the Index but that it will be superseded by a replacement index specified by the Index Sponsor, and the Calculation Agent

determines that such replacement Index is calculated using the same or a substantially similar formula or method of calculation as used in the calculation of the previously applicable Index, such replacement index shall be deemed the Successor Index for the purposes of the Notes from the date that such replacement Index comes into effect;

(c) if no Successor Index has been determined under paragraphs (a) or (b) above the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Index should be. If at least four responses are received, and of those responses, three or more leading independent dealers state the same index, such index will be deemed the Successor Index. If three responses are received, and two or more leading independent dealers state the same index, such index will be deemed the Successor Index. If fewer than three responses are received by the Cut-Off Date or no Successor Index is determined pursuant to this provision, the Calculation Agent will apply the provisions of paragraph (d) below;

(d) if no Successor Index has been determined pursuant to paragraphs (a), (b) or (c) above, by the next occurring Cut-Off Date, subject as provided below, the Calculation Agent will determine an appropriate alternative index as of such Cut-Off Date for such affected Determination Date, and such index will be deemed a Successor Index for the purposes of the Notes; or

(e) if the Calculation Agent cannot determine an appropriate alternative index pursuant to sub-paragraphs (a) to (d) above, there will be deemed to be no Successor Index and an Index Cancellation will be deemed to have occurred.

For the avoidance of doubt, the Calculation Agent shall determine the date on which the Successor Index shall be deemed to replace the Index for the purposes of the Notes. Notice of the determination of a Successor Index, the effective date of the Successor Index or the occurrence of an Index Cancellation will be given to Noteholders by the Issuer in accordance with General Condition 13.

3. Adjustments

(a) Successor Index

If a Successor Index is determined in accordance with Inflation Linked Condition 2, the Calculation Agent may make any adjustment or adjustments (without limitation) to any amount payable under the Notes and/or any other relevant term of the Notes as the Calculation Agent deems necessary to account for this. The Issuer shall give notice to the Noteholders of any such adjustment in accordance with General Condition 13.

(b) Substitute Inflation Index Level

If the Calculation Agent determines a Substitute Inflation Index Level in accordance with Inflation Linked Condition 1, the Issuer may make any adjustment or adjustments (without limitation) to (x) the Substitute Inflation Index Level determined in accordance with Index Linked Condition 2 and/or (y) any amount payable under the Notes and/or any other relevant term of the Notes, in each case, as the Calculation Agent deems necessary. The Issuer shall give notice to the Noteholders of any such adjustment in accordance with General Condition 13.

(c) Index Level Adjustment Correction

(i) The first publication or announcement of the Relevant Level (excluding any "flash" or other estimates) by the Index Sponsor for any Reference Month shall be final and conclusive and, subject to Inflation Linked Condition 3(c)(ii) and (iii) below, later revisions to the level for such Reference Month will not be used in any calculations, save that in respect of the EUR-All Items-Revised Consumer Price Index, the ESP National- Revised Consumer Price Index (CPI) and the ESP-Harmonised-Revised Consumer Price Index HCPI, revisions to the Relevant Level which are published or announced up to and including the day that is two Business Days prior to any relevant Determination Date will be valid and the revised Relevant Level for the relevant Reference Month will be deemed to be the final and conclusive Relevant Level for such Reference Month. The Issuer shall give notice to the Noteholders of any valid revision in accordance with General Condition 13.

(ii) If, within 30 days of publication or at any time prior to a Determination Date in respect of which a Relevant Level will be used in any calculation or determination in respect of such Determination Date, the Calculation Agent determines that the Index Sponsor has corrected the Relevant Level to correct a manifest error, the Calculation Agent may make any adjustment to any amount payable under the Notes and/or any other relevant term of the Notes as the Calculation Agent deems appropriate as a result of such correction and/or determine the amount (if any) that is payable as a

result of that correction. The Issuer shall give notice to the Noteholders of any such adjustment and/or amount in accordance with General Condition 13.

(iii) If a Relevant Level is published or announced at any time after the Cut-Off Date in respect of a Determination Date in respect of which a Substitute Inflation Index Level was determined, the Calculation Agent may either (A) determine that such Relevant Level shall not be used in any calculation or determination under the Notes and that the Substitute Inflation Index Level shall be deemed to be the definitive Relevant Level for the relevant Reference Month, or (B) request the Issuer to make any adjustment to any amount payable under the Notes and/or any other relevant term of the Notes as it deems appropriate as a result of the announcement or publication of the Relevant Level and/or determine the amount (if any) that is payable as a result of such publication or announcement. The Issuer shall give notice to the Noteholders of any determination in respect of (A) or (B), together with any adjustment or amount in respect thereof, in accordance with General Condition 13.

(d) Currency

If the Calculation Agent determines that any event occurs affecting the Specified Notes Currency (whether relating to its convertibility; into other currencies or otherwise) which the Calculation Agent determines necessitates an adjustment or adjustments to any amount payable under the Notes, and/or any other relevant term of the Notes (including the date on which any amount is payable by the Issuer), the Issuer may make such adjustment or adjustments to such amount and/or any other relevant term of the Notes as the Calculation Agent deems necessary. The Calculation Agent shall give notice to the Noteholders of any such adjustment in accordance with General Condition 13.

(e) Rebasing

If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the "**Rebased Index**") will be used for purposes of determining the Relevant Level from the date of such rebasing; provided, however, that the Calculation Agent may make (i) if Related Bond is specified as applicable in the Final Terms, any adjustments as are made pursuant to the terms and conditions of the Related Bond, if any, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as before the rebasing, and/or (ii) if Related Bond is not specified as applicable in the Final Terms or a Related Bond Redemption Event has occurred, the Calculation Agent may make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased and in each case the Issuer may make any adjustment(s) to any amount payable under the Notes and/or any other term of the Notes as the Calculation Agent may deem necessary. If the Calculation Agent determines that neither (i) nor (ii) above would produce a commercially reasonable result, the Calculation Agent may redeem each Note on a date notified by the Issuer to Noteholders in accordance with General Condition 13 at its fair market value, as determined by the Calculation Agent as at the date of redemption taking into account the rebasing less the cost to the Issuer and/or its Affiliates of unwinding or amending any related underlying hedging arrangements. Notice of any adjustment, redemption of the Notes or determination pursuant to this paragraph shall be given to Noteholders in accordance with General Condition 13.

(f) Index Modification

(i) If on or prior to the Cut-Off Date in respect of any Determination Date, the Calculation Agent determines that an Index Modification has occurred the Calculation Agent may (A) if Related Bond is specified as applicable in the Final Terms, make any adjustments to any Relevant Level and/or any other relevant term of the Notes (including, without limitation, any amount payable under the Notes), consistent with any adjustments made to the Related Bond as the Calculation Agent deems necessary, or (B) if Related Bond is not specified as applicable in the Final Terms or a Related Bond Redemption Event has occurred make only those adjustments to the Index, any Relevant Level and/or any other term of the Notes (including, without limitation, any amount payable under the Notes), as the Calculation Agent deems necessary for the modified Index to continue as the Index and to account for the economic effect of the Index Modification.

(ii) If the Calculation Agent determines that an Index Modification has occurred at any time after the Cut-Off Date in respect of any Determination Date, the Calculation Agent may determine either to ignore such Index Modification for the purposes of any calculation or determination made by the Calculation Agent with respect to such Determination Date, in which case the relevant Index Modification will be deemed to have occurred with respect to the immediately succeeding Determination Date such that

the provisions of sub-paragraph (i) above will apply, or, notwithstanding that the Index Modification has occurred following the Cut-Off Date, to make any adjustments as the Calculation Agent deems fit in accordance with sub-paragraph (i) above.

(g) Consequences of an Additional Disruption Event

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer may make any adjustments to any Relevant Level and/or any other relevant term of the Notes (including, without limitation, any amount payable under the Notes to account therefor or may redeem each Note on the date notified by the Issuer to Noteholders in accordance with General Condition 13 at its fair market value (as determined by the Calculation Agent) as at the date of redemption, taking into account the relevant Additional Disruption Event, less the cost to the Issuer and/or its Affiliates of unwinding or amending any related underlying hedging arrangements. Notice of any redemption of the Notes shall be given to Noteholders in accordance with General Condition 13.

(h) Index Cancellation

If the Calculation Agent determines that an Index Cancellation has occurred, the Issuer may make any adjustments to any Relevant Level and/or any other relevant term of the Notes (including, without limitation, any amount payable under the Notes to account therefore) or may redeem each Note on the date notified by the Issuer to Noteholders in accordance with General Condition 13 at its fair market value (as determined by the Calculation Agent) as at the date of redemption, taking into account the Index Cancellation, less the cost to the Issuer and/or any Affiliates of unwinding or amending any related underlying hedging arrangements. Notice of any redemption of the Notes pursuant to this paragraph shall be given to Noteholders in accordance with General Condition 13.

4. Definitions

"**Additional Disruption Event**" means (i) (unless specified otherwise in the Final Terms) Change in Law, or (ii) Hedging Disruption or Increased Cost of Hedging if specified in the 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 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 in its sole and absolute discretion that it has become illegal for the Issuer and/or any of its Affiliates to hold, acquire or dispose of any relevant hedge positions in respect of the Index for purposes of the Notes.

"**Cut-Off Date**" means, in respect of a Determination Date, five Business Days prior to such Determination Date, unless otherwise stated in the Final Terms.

"**Delayed Index Level Event**" means, in respect of any Determination Date, that the Index Sponsor fails to publish or announce the level of the Index (the "**Relevant Level**") in respect of any Reference Month which is relevant to the calculation of any payment under the Notes and/or any other determination in respect of the Notes, in each case by the related Cut-Off Date.

"**Determination Date**" means in respect of an Index and/or Index Level(s) or value(s) as the case may be, each date specified as such in the applicable Final Terms.

"**Fallback Bond**" means a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the Index relates and which pays a coupon or redemption amount which is calculated by reference to the 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 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 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 in its

discretion. 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).

"**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 any relevant price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

"**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 market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate 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.

"**Index**" means the index or indices specified in the Final Terms or any Successor Index as determined by the Calculation Agent pursuant to Inflation Linked Condition 2 and related expressions shall be construed accordingly.

"**Index Cancellation**" means a level for the Index has not been published or announced for two consecutive months and/or the Index Sponsor cancels the Index and/or the Index Sponsor announces that it will no longer continue to publish or announce the Index and no Successor Index exists.

"**Index Modification**" means the Index Sponsor announces that it will make (in the opinion of the Calculation Agent) a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index.

"**Index Sponsor**" means the entity that publishes or announces (directly or through an agent) the level of the relevant Index which as of the Issue Date of the Notes is the Index Sponsor specified in the Final Terms in relation to the relevant Index.

"**Rebased Index**" has the meaning given to it under Inflation Linked Condition 3 above.

"**Reference Month**" means the calendar month for which the level of the Index was reported, regardless of when this information is published or announced. If the period for which the Relevant Level was reported is a period other than a month, the Reference Month shall be the period for which the Relevant Level was reported.

"**Related Bond**" means the bond (if any) specified as such in the Final Terms. If the Related Bond specified in the Final Terms is Fallback Bond, then for any Related Bond determination, the Calculation Agent shall use the Fallback Bond. If no bond is specified in the Final Terms as the Related Bond and "Fallback Bond Not applicable" is specified in the Final Terms there will be no Related Bond. If a bond is selected as the Related Bond in the Final Terms and that bond redeems or matures before the relevant Determination Date, unless "Fallback Bond Not applicable" is specified in the Final Terms, the Calculation Agent shall use the Fallback Bond for any Related Bond determination.

"**Related Bond Redemption Event**" means, if specified as applicable in the Final Terms, at any time prior to the Maturity Date, (a) the Related Bond is redeemed, repurchased or cancelled, (b) the Related Bond becomes repayable prior to its stated date of maturity for whatever reason, or (c) the issuer of the Related Bond announces that the Related Bond will be redeemed, repurchased or cancelled prior to its stated date of maturity.

"**Relevant Level**" has the meaning given to it in the definition of Delayed Index Level Event.

"**Strike Date**" means each date specified as a Strike Date in the Final Terms, subject to adjustment in accordance with these Inflation Linked Conditions.

"**Strike Day**" means each date specified as such in the applicable Final Terms.

"**Strike Period**" means the period specified as the Strike Period in the Final Terms.

"**Successor Index**" has the meaning given to it in under Inflation Linked Condition 2.

"**Substitute Inflation Index Level**" has the meaning given in Inflation Linked Condition 1.

ANNEX 7

ADDITIONAL TERMS AND CONDITIONS FOR FOREIGN EXCHANGE (FX) RATE LINKED NOTES

*If specified as applicable in the Final Terms, the terms and conditions applicable to Foreign Exchange (FX) Rate Linked Notes shall comprise the General Conditions and the additional terms and conditions for Foreign Exchange (FX) Rate Linked Notes set out below (the "**Foreign Exchange (FX) Rate Linked Note Conditions**"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms and subject to completion in the Final Terms. In the event of any inconsistency between the General Conditions and the Foreign Exchange (FX) Rate Linked Note Conditions, the Foreign Exchange (FX) Rate Linked Note Conditions shall prevail. In the event of any inconsistency between the Foreign Exchange (FX) Rate Linked Conditions and the Payout Conditions, the Payout Conditions shall prevail.*

1. Non-EM Valuation and Disruption Provisions

The provisions of this Foreign Exchange (FX) Rate Linked Condition 1 apply unless EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of a Subject Currency in the Final Terms.

(a) **Disruption Events**

If so specified in the Final Terms, the occurrence of any of the following events, in respect of any Base Currency, Subject Currency and/or Subject Currencies, shall be a "**Disruption Event**":

(i) Price Source Disruption;

(ii) Illiquidity Disruption;

(iii) Dual Exchange Rate;

(iv) General Inconvertibility;

(v) General Non-Transferability;

(vi) Material Change in Circumstance;

(vii) Nationalisation; or

any other event that, in the opinion of the Calculation Agent, is analogous to any of (i) to (vii) above (inclusive).

(b) **Consequences of a Disruption Event**

Upon a Disruption Event occurring or continuing on any Averaging Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day (or, if different, the day on which prices for that date would, in the ordinary course, be published by the relevant Price Source) as determined by the Calculation Agent, the Calculation Agent shall apply the applicable Disruption Fallback in determining the consequences of the Disruption Event.

"**Disruption Fallback**" means a source or method that may give rise to an alternative basis for determining the Settlement Price when a Disruption Event occurs or exists on a day that is an Averaging Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day (or, if different, the day on which prices for that date would, in the ordinary course, be published or announced by the Price Source). The Calculation Agent shall take the relevant actions specified in either (i), (ii) or (iii) below.

(i) if an Averaging Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day is a Disrupted Day, the Calculation Agent will determine that the relevant Averaging Date or Settlement Price Date, as the case may be, shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day (in the case of the Strike Date or Valuation Date) or Valid Date (in the case of an Averaging Date, Observation Date, Knock-In Determination Day or Knock-Out Determination Day) unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the originally scheduled Averaging Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day, as the case may be, is a Disrupted Day in which case the Calculation Agent may determine that the last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day, as the case may be (irrespective, in the case of an Averaging Date, Observation Date, Knock-In Determination Day or Knock-Out Determination Day, of whether that last consecutive Scheduled Trading Day is already an Averaging Date, Observation Date, Knock-In Determination Day or Knock-Out

Determination Day, as the case may be) and may determine the Settlement Price by using commercially reasonable efforts to determine a Settlement Price as of the Valuation Time on the last such consecutive Scheduled Trading Day taking into consideration all available information that in good faith it deems relevant; or

(ii) if an Averaging Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day is a Disrupted Day but is not the Redemption Valuation Date, if Delayed Redemption on the Occurrence of a Disruption Event is specified as being not applicable in the Final Terms, on giving notice to Noteholders in accordance with General Condition 13, the Issuer shall redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the fair market value of such Note, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payment shall be made in such manner as shall be notified to the Noteholders in accordance with General Condition 13; or

(iii) if an Averaging Date, any Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day is a Disrupted Day but is not the Redemption Valuation Date, if Delayed Redemption on the Occurrence of a Disruption Event is specified as being applicable in the Final Terms, the Calculation Agent shall calculate the fair market value of each Note less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (the "**Calculated Foreign Exchange (FX) Disruption Amount**") as soon as practicable following the occurrence of the Disruption Event (the "**Calculated Foreign Exchange (FX) Disruption Amount Determination Date**") and on the Maturity Date shall redeem each Note at an amount calculated by the Calculation Agent equal to (x) the Calculated Foreign Exchange (FX) Disruption Amount plus interest accrued on the Calculated Foreign Exchange (FX) Disruption Amount on a daily basis from and including the Calculated Foreign Exchange (FX) Disruption Amount Determination Date to but excluding the Maturity Date, each such daily accrual rate being at a rate equal to Issuer's funding cost on or about the relevant day or (y) if greater, its nominal amount.

2. EM Currency Valuation and Disruption Provisions

The provisions of this Foreign Exchange (FX) Rate Linked Condition (2) apply where EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of a Subject Currency in the Final Terms.

(a) **EM Disruption Events**

If so specified in the Final Terms, the occurrence of any of the following events, in respect of any Base Currency, Subject Currency and/or Subject Currencies, shall be an "**EM Disruption Event**":

(i) Price Source Disruption;

(ii) Illiquidity Disruption;

(iii) Dual Exchange Rate;

(iv) General Inconvertibility;

(v) General Non-Transferability;

(vi) Material Change in Circumstance;

(vii) Nationalisation;

(viii) Price Materiality; and/or

any other event that, in the opinion of the Calculation Agent, is analogous to any of (i) to (viii) above (inclusive).

The Calculation Agent shall give notice as soon as practicable to the Issuer and the Issuer shall give notice as soon as practicable to the Guarantor, the Principal Paying Agent and the Noteholders in accordance with General Condition 13 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Automatic Early Redemption Valuation Date, an Averaging Date, Settlement Price Date, a Knock-in Determination Day or a Knock-out Determination Day, an Observation Date or a Valuation Date, as the case may be.

(b) **Consequences of an EM Disruption Event**

Upon an EM Disruption Event occurring or continuing on any Averaging Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day, as the case may be (or, if different, the day on which prices for that date would, in the ordinary course, be published by the relevant EM FX Price Source) as determined by the Calculation Agent, the Calculation Agent shall apply in determining the consequences of the EM Disruption Event: (a) EM Calculation Agent Determination where the applicable EM Disruption Event is other than Price Source Disruption or Price Materiality; and (b) the applicable EM Disruption Fallback where the applicable EM Disruption Event is a Price Source Disruption or Price Materiality.

(c) **Unscheduled Holiday**

If the Calculation Agent determines that a date that would otherwise have been a Settlement Price Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day is an Unscheduled Holiday in respect of a Subject Currency, then such date shall be the immediately succeeding Scheduled Trading Day after the occurrence of the Unscheduled Holiday, subject as provided above, and provided that if such Settlement Price Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day, as the case may be, has not occurred on or before the EM Maximum Days of Postponement then the next Scheduled Trading Day after such period that would have been a Scheduled Trading Day but for the Unscheduled Holiday shall be deemed to be the relevant date for valuation and the Settlement Price shall be determined by the Calculation Agent on such day in its sole discretion acting in good faith having taken into account relevant market practice and by reference to such additional source(s) as it deems appropriate.

(d) **Cumulative Events**

If "Cumulative Events" is specified as applicable in the Final Terms in respect of a Settlement Currency then, in no event shall the total number of consecutive calendar days during which a Settlement Price Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day is deferred due to either (i) an Unscheduled Holiday or (ii) an EM Valuation Postponement (or a combination of both (i) and (ii)) exceed the EM Maximum Cumulative Days of Postponement in the aggregate. If a Settlement Price Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day, as the case may be, is postponed by the number of calendar days equal to the EM Maximum Cumulative Days of Postponement and at the end of such period (i) an Unscheduled Holiday shall have occurred or be continuing on the day immediately following such period (the "**Final Day**"), then such Final Day shall be deemed to be the Settlement Price Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day, as the case may be, and (ii) if a Price Source Disruption shall have occurred or be continuing on the Final Day, then Valuation Postponement shall not apply and the Settlement Price shall be determined in accordance with the next applicable EM Disruption Fallback.

(e) **Postponement of payment or settlement days**

Where any Settlement Price Date, Averaging Date, Knock-In Determination Day or Knock-Out Determination Day is postponed as a consequence of the provisions of this Foreign Exchange (FX) Rate Linked Condition 2, then the corresponding date for payment or delivery of any assets shall fall on the later of (a) the date for such payment or delivery otherwise determined in accordance with the Final Terms and (b) the day falling the EM Number of Postponement Settlement Days specified in the Final Terms (or, if none are so specified, two Business Days) after the last occurring Settlement Price Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day, as the case may be.

3. Knock-in Event and Knock-out Event

(a) This Foreign Exchange (FX) Rate Linked Condition 3 is applicable only:

(i) If "Knock-in Event" is specified as applicable in the Final Terms, in which case any payment under the Notes which is expressed in the Conditions to be subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event; or

(ii) If "Knock-out Event" is specified as applicable in the Final Terms, in which case any payment under the Notes which is expressed in the Conditions to be subject to a Knock-out Event, shall be conditional upon the occurrence of such Knock-out Event.

(b) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is the Valuation Time or, as the case may be, EM Valuation Time and if a Disruption Event or an EM Disruption Event would otherwise have occurred on any Knock-in Determination Day or Knock-out Determination Day, then, unless otherwise specified in the Final Terms, such Knock-in Determination Day or Knock-out Determination Day will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining the occurrence of a Knock-in Event or a Knock-out Event.

(c) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the Final Terms is any time or period of time other than the Valuation Time or, as the case may be, EM Valuation Time during the regular trading hours for the Base Currency, Subject Currency and/or Subject Currencies and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one-hour period that begins or ends at the time at which a Knock-in Event or Knock-out Event would otherwise have occurred, a Disruption Event or an EM Disruption Event occurs or exists, then, unless otherwise specified in the Final Terms, the Knock-in Event or the Knock-out Event shall be deemed not to have occurred.

4. Automatic Early Redemption Event

If "Automatic Early Redemption Event" is specified as applicable in the Final Terms, then, unless previously redeemed or purchased and cancelled, if (i) on any Automatic Early Redemption Valuation Date (ii) in respect of an Automatic Early Redemption Valuation Period if on any or all Automatic Early Redemption Valuation Date(s), as specified in the Final Terms, an Automatic Early Redemption Event occurs, all but not some only of the Notes will be automatically redeemed on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date or Automatic Early Redemption Period, as applicable, and the Issuer shall redeem each Note at an amount equal to the relevant Automatic Early Redemption Amount.

5. Consequences of an Additional Disruption Event

If the Calculation Agent determines that an Additional Disruption Event has occurred, the Issuer may redeem the Notes by giving notice to Noteholders in accordance with General Condition 13. If the Notes are so redeemed the Issuer will pay an amount to each Noteholder in respect of each Note held by him which amount shall be the fair market value of a Note, taking into account the Additional Disruption Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 13.

6. Definitions

"**Additional Disruption Event**" means (i) (unless specified otherwise in the Final Terms) Change in Law, or (ii) Hedging Disruption or Increased Cost of Hedging, if specified in the Final Terms.

"**Automatic Early Redemption Amount**" means, in respect of each nominal amount of Notes equal to the Calculation Amount, an amount equal to the Automatic Early Redemption Amount set out in the applicable Final Terms.

"**Automatic Early Redemption Date**" means each date specified as such in the Final Terms, or if such date is not a Business Day, the next following Business Day and no Noteholder shall be entitled to any interest or further payment in respect of any such delay.

"**Automatic Early Redemption Event**" means the AER Value is (A):

(i) greater than;

(ii) greater than or equal to;

(iii) less than; or

(iv) less than or equal to,

the Automatic Early Redemption Trigger, (i), (ii), (iii) or (iv) applying or (B) within or outside the Automatic Early Redemption Range, as specified in the Final Terms.

"**Automatic Early Redemption Trigger**" means the price, level, amount, percentage or value specified as such or otherwise determined in the Final Terms, subject to adjustment in accordance with the provisions set forth in Foreign Exchange (FX) Rate Linked Condition 1 and Foreign Exchange (FX) Rate Linked Condition 2.

"**Automatic Early Redemption Range**" means the range of levels, prices, amounts, percentages or values specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Foreign Exchange (FX) Linked Condition 1.

"**Automatic Early Redemption Valuation Date**" means each date specified as such in the Final Terms or, if such date is not a Scheduled Trading Day, (a) unless EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of the relevant Subject Currency in the Final Terms, the next following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day; or (b) where EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of the relevant Subject Currency in the Final Terms, the immediately preceding Scheduled Trading Day for such Subject Currency and, in the event of an

Unscheduled Holiday, subject to adjustment as set out in Foreign Exchange (FX) Rate Linked Note Condition 2(c) above, unless, in the opinion of the Calculation Agent, the resultant day determined in accordance with this sub-paragraph (b) is a Disrupted Day. If any such day is a Disrupted Day, then the Automatic Early Redemption Valuation Date shall be delayed in accordance with the corresponding provisions of the definition of Valuation Date which shall apply *mutatis mutandis* as if references in such provisions to Valuation Date were to Automatic Early Redemption Valuation Date.

"**Automatic Early Redemption Valuation Period**" means the period specified as such in the Final Terms.

"**Automatic Early Redemption Valuation Time**" has the meaning given to it in the Final Terms.

"**AER Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.1.

"**Averaging Date**" means the dates specified as such in the Final Terms or, if any such day is not a Scheduled Trading Day, (a) unless EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of the relevant Subject Currency in the Final Terms, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Note Condition 1(b) shall apply; or (b) where EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of the relevant Subject Currency in the Final Terms, the immediately preceding Scheduled Trading Day for such Subject Currency and, in the event of an Unscheduled Holiday, subject to adjustment as set out in Foreign Exchange (FX) Rate Linked Note Condition 2(c) above, unless, in the opinion of the Calculation Agent, the resultant day determined in accordance with this sub-paragraph (b) is a Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Note Condition 2(b) shall apply.

"**Base Currency**" means the currency specified as such in the Final Terms.

"**Change in Law**" means that, on or after the Trade Date (as specified in the 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 Issuer determines in its sole and absolute discretion that it is unable to perform its obligations in respect of the Notes or it has become illegal to hold, acquire or dispose of any relevant hedge positions in respect of the Notes.

"**Dual Exchange Rate**" means that any of the Base Currency, Subject Currency and/or Subject Currencies, splits into dual or multiple currency exchange rates.

"**Disrupted Day**" means any Scheduled Trading Day on which the Calculation Agent determines that a Disruption Event or EM Disruption Event has occurred.

"**EM**" means emerging markets.

"**EM Disruption Fallback**" means a source or method that may give rise to an alternative basis for determining the Settlement Price when an EM Disruption Event occurs or exists on a day that is an Averaging Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day (or, if different, the day on which prices for that date would, in the ordinary course, be published or announced by the EM FX Price Source) being, in respect of a Subject Currency, any of EM Calculation Agent Determination, EM First Fallback Reference Price, EM Second Fallback Reference Price and EM Valuation Postponement, as so specified in the Final Terms for such Subject Currency. Where more than one EM Disruption Fallback is so specified then such EM Disruption Fallbacks shall apply in the order in which they are specified in the Final Terms until the Settlement Price can be determined for such exchange rate relating to that Settlement Currency for such Averaging Date, Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day.

Where:

(a) "**EM Calculation Agent Determination**" means that the Calculation Agent shall determine the Settlement Price taking into consideration all information that it deems relevant.

(b) "**EM First Fallback Reference Price**" means that the Calculation Agent shall determine the Settlement Price by reference to the applicable First Fallback Reference Price and, for which purpose, references in the definition of Settlement Price to "EM FX Price Source", "EM Valuation Time" and "EM Number of Settlement Days" shall be construed, respectively, to be to "First Fallback EM FX Price Source", "First Fallback Valuation Time" and "First Fallback EM Number of Settlement Days" (in each case, where such terms shall have the meanings given to them in the Final Terms).

(c) "**EM Second Fallback Reference Price**" means that the Calculation Agent shall determine the Settlement Price by reference to the applicable Second Fallback Reference Price and, for which purpose, references in the definition of Settlement Price to "EM FX Price Source", "EM Valuation Time" and "EM Number of Settlement Days" shall be construed, respectively, to be to "Second Fallback EM FX Price Source", "Second Fallback Valuation Time" and "Second Fallback EM Number of Settlement Days" (in each case, where such terms shall have the meanings given to them in the Final Terms).

(d) "**EM Valuation Postponement**" means that the Settlement Price shall be determined on the immediately succeeding Scheduled Trading Day which is not a Disrupted Day unless the Calculation Agent determines that no such Scheduled Trading Day which is not a Disrupted Day has occurred on or before the day falling the EM Maximum Days of Postponement following the originally designated Averaging Date, Valuation Date, Knock-In Determination Day or Knock-Out Determination Day, as the case may be. In such event, the Settlement Price shall be determined on the next Scheduled Trading Day after the EM Maximum Days of Postponement (notwithstanding the fact that day may be a Disrupted Day) in accordance with the next applicable EM Disruption Fallback.

"**EM FX Price Source**" means, in respect of a Subject Currency, the price source(s) specified as such in the Final Terms (or any successor to such price source(s) as determined by the Calculation Agent).

"**EM Maximum Cumulative Days of Postponement**" means the number of days specified as such in the Final Terms or, if no such number is specified, 30 calendar days.

"**EM Maximum Days of Postponement**" means the number of days specified as such in the Final Terms or, if no such number is specified, 30 calendar days.

"**EM Number of Settlement Days**" means, in respect of a Subject Currency, the number of days on which commercial banks are open (or, but for the occurrence of an EM Disruption Event would have been open) for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the or each SER Settlement Day Centre specified as such in the Final Terms (each, an "EM Settlement Day"). Where no such number or zero is so specified, then such rate shall be for settlement on the same day.

"**EM Price Materiality Percentage**" means the percentage specified as such in the Final Terms or, if no such percentage is specified, 3 per cent.

"**EM Primary Rate**" means, in respect of a Subject Currency, the rate specified as such for such Subject Currency in the Final Terms.

"**EM Secondary Rate**" means, in respect of a Subject Currency, the rate specified as such for such Subject Currency in the Final Terms.

"**EM Valuation Time**" means, unless otherwise specified in the Final Terms, the time at which the EM FX Price Source publishes the relevant rate or rates from which the Settlement Price is calculated.

"**Exchange Rate Divergence**" means:

(i) if the FX rate specified in the Final Terms is USD/ARS, that, in the reasonable opinion of not less than 5 unaffiliated EMTA Members notified to EMTA (or its successor) by no later than 4 p.m., Buenos Aires time on the Valuation Date, the Price Source has failed, for a period of not less than three consecutive Scheduled Trading Days (for any reason, including due to a split in the currency exchange rate or other event) to reflect the current prevailing Argentine Peso bid and offer rates for a standard size Argentine Peso/U.S. Dollar financial transaction for same-day settlement in the Buenos Aires marketplace on the Valuation Date; and

(ii) if the FX rate specified in the Final Terms is USD/BRL, that, in the reasonable and independent judgement, as notified to EMTA in accordance with the EMTA BRL Exchange Rate Divergence Procedures, of not less than 7 unaffiliated EMTA members that are recognised market makers active in the BRL/U.S. Dollar foreign exchange market (no less than 4 of which shall be active participants in the onshore BRL/USD spot market), the Price Source (following a split of the exchange rates in Brazil or otherwise) no longer reflects the then-prevailing Brazilian Reais / U.S. Dollar spot rate for standard-size wholesale financial transactions involving the exchange of Brazilian Reais for U.S. Dollars delivered outside of Brazil, and

if the FX rate specified in the Final Terms is a rate other than USD/ARS or USD/BRL but, it is specified in the relevant EMTA Template Terms as determined by the Calculation Agent as of the Issue Date and in respect of such FX rate, that Price Source Disruption shall include Exchange Rate Divergence, then Exchange Rate Divergence shall have the meaning given in the relevant EMTA Template Terms with respect to such FX rate.

"**General Inconvertibility**" means the occurrence of any event that generally makes it impossible to convert a Subject Currency into the Base Currency in a Subject Currency Jurisdiction through customary legal channels.

"**General Non-Transferability**" means the occurrence of any event that generally makes it impossible to deliver (A) the Base Currency from accounts inside a Subject Currency Jurisdiction to accounts outside a Subject Currency Jurisdiction or (B) the Subject Currency between accounts inside a Subject Currency Jurisdiction or to a party that is a non-resident of a Subject Currency Jurisdiction.

"**Governmental Authority**" means (i) any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or (ii) any other entity (private or public) charged with the regulation of the financial markets (including the central bank), in each case in any relevant jurisdiction.

"**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 any relevant price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s).

"**Illiquidity Disruption**" means the occurrence of any event in respect of any of the Base Currency, Subject Currency and/or Subject Currencies whereby it becomes impossible for the Calculation Agent to obtain a firm quote for such currency in an amount deemed necessary by the Calculation Agent to hedge its obligations under the Notes (in one or more transaction(s)) on the relevant Averaging Date, Settlement Price Date, Knock-in Determination Day or Knock-out Determination Day (or, if different, the day on which rates for such Averaging Date, Settlement Price Date, Knock-in Determination Day or Knock-out Determination Day would, in the ordinary course, be published or announced by the relevant Price Source or EM FX Price Source).

"**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 market risk (including, without limitation foreign exchange risk and interest rate 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.

"**Knock-in Determination Day**" means the date(s) specified as such in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-In Determination Period.

"**Knock-in Determination Period**" means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

"**Knock-in Event**" means the Knock-in Value is (A):

(i) greater than;

(ii) greater than or equal to;

(iii) less than; or

(iv) less than or equal to,

the Knock-in Barrier (x) or (B) within or outside the Knock-in Range on a Knock-in Determination Day or (y) in respect of any Knock-in Determination Period, as specified in the Final Terms.

"**Knock-in Barrier**" means the FX Knock-in Barrier or the price, level, amount, percentage or value specified as such or otherwise determined in the applicable Final Terms, subject to adjustment in accordance with the provisions set forth in Foreign Exchange (FX) Rate Linked Condition 1(a) and Foreign Exchange (FX) Rate Linked Condition 1(b).

"**Knock-in Period Beginning Date**" means the date specified as such in the Final Terms or, if the Knock-In Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-in Period Ending Date**" means the date specified as such in the Final Terms or, if the Knock-In Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-in Range**" means the range of levels, prices, amounts, percentages or values specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Foreign Exchange (FX) Linked Condition 1 (Non-EM Valuation and Disruption Provisions) or, as the case may be, Foreign Exchange (FX) Linked Condition 2 (EM Currency Valuation and Disruption Provisions).

"**Knock-in Valuation Time**" means the time or period of time on any Knock-in Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time or, as the case may be, EM Valuation Time.

"**Knock-in Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.1.

"**Knock-out Determination Day**" means the date(s) specified as such in the Final Terms, or otherwise each Scheduled Trading Day during the Knock-Out Determination Period.

"**Knock-out Determination Period**" means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

"**Knock-out Event**" means the Knock-out Value is (A):

(i) greater than,

(ii) greater than or equal to,

(iii) less than, or

(iv) less than or equal to,

the Knock-out Barrier or (B) within or outside the Knock-out Range, (x) on a Knock-out Determination Day or (y) in respect of any Knock-out Determination Period, as specified in the Final Terms.

"**Knock-out Barrier**" means the price, level, amount, percentage or value specified as such or otherwise determined in the Final Terms, subject to adjustment in accordance with Foreign Exchange (FX) Linked Rate Condition 1(a) and Foreign Exchange (FX) Rate Linked Condition 1(b).

"**Knock-out Period Beginning Date**" means the date specified as such in the Final Terms or, if the Knock-Out Period Beginning Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-out Period Ending Date**" means the date specified as such in the Final Terms or, if the Knock-Out Period Ending Date Scheduled Trading Day Convention is specified as applicable in the Final Terms and such date is not a Scheduled Trading Day, the next following Scheduled Trading Day.

"**Knock-out Range**" means the range of levels, prices, amounts, percentages or values specified as such or otherwise determined in the applicable Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Foreign Exchange (FX) Linked Condition 1 (Non-EM Valuation and Disruption Provisions) or, as the case may be, Foreign Exchange (FX) Linked Condition 2 (EM Currency Valuation and Disruption Provisions).

"**Knock-out Valuation Time**" means the time or period of time on any Knock-out Determination Day specified as such in the Final Terms or in the event that the Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time or, as the case may be, EM Valuation Time.

"**Knock-out Value**" has the meaning given to it in the Final Terms, being a term defined in Payout Condition 5.1.

"**Material Change in Circumstance**" means the occurrence of any event (other than those events specified as Disruption Events or, as the case may be, EM Disruption Events) in the Subject Currency Jurisdiction beyond the control of the parties to a hedging arrangement in respect of the Notes which makes it impossible (A) for a party to fulfil its obligations under the hedging arrangement or (B) generally to fulfil obligations similar to such party's obligations under that hedging arrangement.

"**Nationalisation**" means any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives a party to a hedging arrangement in respect of the Notes of all or substantially all of its assets in the Subject Currency Jurisdiction.

"**Observation Date**" means the dates specified as such in the Final Terms or, if any such day is not a Scheduled Trading Day, (a) unless EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of the relevant Subject Currency in the Final Terms, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is the Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Note Condition 1(b) shall apply; or (b) where EM Foreign Exchange (FX) Rate

ADDITIONAL TERMS AND CONDITIONS FOR FOREIGN EXCHANGE (FX) RATE LINKED NOTES

Provisions are specified as applicable in respect of the relevant Subject Currency in the Final Terms, the immediately preceding Scheduled Trading Day for such Subject Currency and, in the event of an Unscheduled Holiday, subject to adjustment as set out in Foreign Exchange (FX) Rate Linked Note Condition 2(c) above, unless, in the opinion of the Calculation Agent, the resultant day determined in accordance with this sub-paragraph (b) is a Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Note Condition 2(b) shall apply.

"**Price Materiality**" means that, in the determination of the Calculation Agent, the EM Primary Rate differs from any EM Secondary Rate by at least the EM Price Materiality Percentage or if there are insufficient responses on the relevant Settlement Price Date, Averaging Date, Knock-In Determination Day or Knock-Out Determination Day to any survey used to calculate any such rate, then the EM Price Materiality Percentage will be deemed to be met.

"**Price Source**" means the published source, information vendor or provider containing or reporting the rate or rates from which the Settlement Price is calculated as specified in the Final Terms.

"**Price Source Disruption**" means that it becomes impossible to obtain the rate or rates from which FX rate is calculated and, where the FX rate is specified in the Final Terms as:

(i) USD/ARS;

(ii) USD/BRL; or

(iii) any other FX rate in respect of which the Calculation Agent determines that, as of the Issue Date, the relevant EMTA Template Terms for such rate (if any) specifies that Price Source Disruption includes Exchange Rate Divergence,

then Price Source Disruption shall include Exchange Rate Divergence.

"**Relevant Screen Page**" means the relevant page specified as such in the Final Terms or any successor to such page or service acceptable to the Calculation Agent.

"**Scheduled Trading Day**" means:

(a) where EM Foreign Exchange (FX) Rate Provisions are specified as not applicable in respect of a Subject Currency, a day on which commercial banks are open (or, but for the occurrence of a Disruption Event would have been open) for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the principal financial centre of each of the Base Currency and the Subject Currency or Subject Currencies. In the case of euro, for these purposes, the principal financial centre shall be deemed to mean each of Frankfurt and Brussels; and

(b) where EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of a Subject Currency, a day on which commercial banks are open (or, but for the occurrence of an EM Disruption Event would have been open) for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the or each EM Scheduled Trading Day Jurisdiction specified in the Final Terms Provided That where the Subject Currency is BRL, then notwithstanding the foregoing, if the Settlement Price Date, Averaging Date, Knock-In Determination Day or Knock-Out Determination Day falls on a date that, as the Trade Date, is not a scheduled day on which commercial banks are open (or, but for the occurrence of an EM Disruption Event would have been open) for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in New York City (an "**NYC Business Day**"), then no adjustment to such date shall be made on account of the fact that such date is not an NYC Business Day.

"**Settlement Price**" means, subject as referred to in Foreign Exchange (FX) Rate Linked Notes Condition 1 or 2 or Foreign Exchange (FX) Rate Linked Notes Condition 1(b) or 2(b) above, as the case may be:

(a) in the case of Foreign Exchange (FX) Rate Linked Notes relating to a basket of Subject Currencies and in respect of each Subject Currency:

(i) unless EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of such Subject Currency in the Final Terms, the spot rate of exchange appearing on the Relevant Screen Page at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as applicable, on (a) if Averaging is not specified in the Final Terms, the relevant Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day or (b) if Averaging is specified in the Final Terms, an Averaging Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of such Subject Currency for which one unit of the Base Currency can be exchanged)

or, if such rate is not available, the arithmetic mean (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as applicable, on the relevant Settlement Price Date, Averaging Date, Knock-In Determination Day or Knock-Out Determination Day, as the case may be, of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent), multiplied by the relevant Weighting (if applicable); or

(ii) where EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of such Subject Currency in the Final Terms, the rate of exchange appearing on the EM FX Price Source at the EM Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as applicable, on (a) if Averaging is not specified in the Final Terms, the relevant Settlement Price Date, Knock-in Determination Day or Knock-out Determination Day or (b) if Averaging is specified in the Final Terms, an Averaging Date, for the exchange of such Subject Currency per one unit of the Base Currency for settlement on the EM Number of Settlement Days, multiplied by the relevant Weighting (if applicable); and

(b) in the case of Foreign Exchange (FX) Rate Linked Notes relating to a single Subject Currency:

(i) unless EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of such Subject Currency in the Final Terms, an amount equal to the spot rate of exchange appearing on the Relevant Screen Page at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as applicable, on (a) if Averaging is not specified in the Final Terms, the relevant Settlement Price Date, Knock-in Determination Day or Knock-out Determination Day or (b) if Averaging is specified in the Final Terms, an Averaging Date, for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Subject Currency for which one unit of the Base Currency can be exchanged) or, if such rate is not available, the arithmetic mean (rounded, if necessary, to four decimal places (with 0.00005 being rounded upwards)) as determined by or on behalf of the Calculation Agent of the bid and offer Subject Currency/Base Currency exchange rates (expressed as aforesaid) at the Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as applicable, on the relevant Settlement Price Date, Averaging Date, Knock-In Determination Day or Knock-Out Determination Day, as the case may be, of two or more leading dealers (as selected by the Calculation Agent) on a foreign exchange market (as selected by the Calculation Agent); or

(ii) where EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of such Subject Currency in the Final Terms, the rate of exchange appearing on the EM FX Price Source at the EM Valuation Time or Knock-in Valuation Time or Knock-out Valuation Time, as applicable, on (a) if Averaging is not specified in the Final Terms, the relevant Settlement Price Date, Knock-In Determination Day or Knock-Out Determination Day or (b) if Averaging is specified in the Final Terms, an Averaging Date, for the exchange of such Subject Currency per one unit of the Base Currency for settlement on the EM Number of Settlement Days.

"**Settlement Price Date**" means the Automatic Early Redemption Valuation Date, Strike Date, Observation Date or Valuation Date, as the case may be.

"**Specified Maximum Days of Disruption**" means the number of days specified in the Final Terms, or if not so specified, five Scheduled Trading Days.

"**Strike Date**" means the Strike Date specified in the Final Terms or, if such day is not a Scheduled Trading Day, (a) unless EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of the relevant Subject Currency in the Final Terms, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Note Condition 1(b) or, or (b) where EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of the relevant Subject Currency in the Final Terms, the immediately preceding Scheduled Trading Day for such Subject Currency and, in the event of an Unscheduled Holiday, subject to adjustment as set out in Foreign Exchange (FX) Rate Linked Note Condition 2(c) above, unless, in the opinion of the Calculation Agent, the resultant day determined in accordance with this sub-paragraph (b) is a Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Note Condition 2(b) shall apply.

ADDITIONAL TERMS AND CONDITIONS FOR FOREIGN EXCHANGE (FX) RATE LINKED NOTES

"**Strike Day**" means each date specified as such in the applicable Final Terms.

"**Strike Period**" means the period specified as the Strike Period in the Final Terms.

"**Subject Currency**" means the currency(ies) specified as such in the Final Terms (together, "**Subject Currencies**").

"**Subject Currency Jurisdiction**" means each country for which the relevant Subject Currency is the lawful currency.

"**Unscheduled Holiday**" means a day that is not a Scheduled Trading Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m. local time in the principal financial centre of the Subject Currency two Scheduled Trading Days prior to the relevant scheduled Settlement Price Date, Averaging Date, Knock-In Determination Day or Knock-Out Determination Day.

"**Valid Date**" means, in respect of an Averaging Date or an Observation Date or Knock-In Determination Day or Knock-Out Determination Day, a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date or Observation Date or Knock-In Determination Day or Knock-Out Determination Day, respectively, does not occur.

"**Valuation Date**" means any Strike Date, Coupon Valuation Date and/or Redemption Valuation Date, as the case may be, specified in the Final Terms or, if such day is not a Scheduled Trading Day for a Subject Currency, (a) unless EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of such Subject Currency in the Final Terms, the immediately succeeding Scheduled Trading Day for such Subject Currency unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Note Condition 1(b) shall apply; or (b) where EM Foreign Exchange (FX) Rate Provisions are specified as applicable in respect of the relevant Subject Currency in the Final Terms, the immediately preceding Scheduled Trading Day for such Subject Currency and, in the event of an Unscheduled Holiday, subject to adjustment as set out in Foreign Exchange (FX) Rate Linked Note Condition 2(c) above, unless, in the opinion of the Calculation Agent, the resultant day determined in accordance with this sub-paragraph (b) day is a Disrupted Day, in which case the provisions of Foreign Exchange (FX) Rate Linked Note Condition 2(b) shall apply.

"**Valuation Time**" means, unless otherwise specified in the Final Terms, the time at which the Price Source publishes the relevant rate or rates from which the Settlement Price is calculated.

"**Weighting**" means, in relation to a Subject Currency, the weighting to be applied to it as specified in the Final Terms or if no such weighting is so specified then no such weighting shall apply.

ANNEX 8

ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

*If specified as applicable in the Final Terms, the terms and conditions applicable to Credit Linked Notes shall comprise the General Conditions and the additional terms and conditions for Credit Linked Notes set out below (the "**Credit Linked Conditions**"), together with the terms and conditions as set out in each other Annex which is specified as applicable in the Final Terms and subject to completion in the Final Terms. In the event of any inconsistency between the General Conditions and the Credit Linked Conditions, the Credit Linked Conditions shall prevail.*

Unless otherwise stated in these Credit Linked Conditions or in the Final Terms, in the event that any day specified in the section "Credit Linked Redemption" in the 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.

In the case of Credit Linked Notes for which more than one Reference Entity is specified in the Final Terms, all references to "the Reference Entity" herein shall be construed to refer to the Reference Entity in respect of which the relevant determination falls to be made at any relevant time and all related provisions and determinations will be construed accordingly.

For the avoidance of doubt no Credit Linked Notes will be considered frustrated, or otherwise void or voidable (whether for mistake or otherwise) solely because:

(a) any relevant Reference Entity does not exist on, or ceases to exist on or following, the Trade Date; and/or

(b) Obligations, Deliverable Obligations, Valuation Obligations or the Reference Obligation do not exist on, or cease to exist on or following, the Trade Date.

Credit Linked Notes may take the form of Single Reference Entity Credit Linked Notes, First-to-Default Credit Linked Notes, Nth-to-Default Credit Linked Notes, Linear Basket Credit Linked Notes or Index Credit Linked Notes. In the case of Linear Basket Credit Linked Notes and Index Credit Linked Notes, the Notes may be either Non-Tranched ("**Non-Tranched Linear Basket Credit Linked Notes**" or "**Non-Tranched Index Credit Linked Notes**", as the case may be) to which either Credit Payment on Maturity or Credit Payment As You Go will apply or Tranched ("**Tranched Linear Basket Credit Linked Notes**" or "**Tranched Index Credit Linked Notes**") (as the case may be). Notwithstanding the use of the term "Index", Index Credit Linked Notes are not Index Linked Notes. A Credit Linked Note may also be a Zero Coupon Note.

The Final Terms shall specify:

(a) the type of Credit Linked Notes;

(b) the Settlement Method (if applicable) and, where Auction Settlement applies, the applicable Fallback Settlement Method;

(c) the Reference Entity or Reference Entities in respect of which a Credit Event may occur or, in the case of Index Credit Linked Notes, the relevant Index Annex;

(d) the Reference Obligation(s) (if any) in respect of each Reference Entity or, in the case of Index Credit Linked Notes the relevant Index Annex;

(e) the Trade Date, the Scheduled Maturity Date and if different from the Scheduled Maturity Date, the Credit Observation End Date;

(f) the Reference Entity Notional Amount (if applicable) in respect of each Reference Entity;

(g) "H" and "L" in the case of Tranched Linear Basket Credit Linked Notes;

(h) the Attachment Point and the Exhaustion Point in the case of Tranched Index Credit Linked Notes;

(i) the applicable Credit Multiplier, Credit Event Reduction Factor and/or Specified Interest Amount Multiplier (in each case to the extent applicable); and

(j) the Transaction Type applicable to each Reference Entity if Physical Settlement Matrix is specified as being applicable in the Final Terms.

ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

Certain elections in respect of Credit Linked Notes and one or more Reference Entities may be made by specifying that the Physical Settlement Matrix is applicable in the Final Terms. In this case the provisions of Credit Linked Condition 20 apply.

In the case of Index Linked Notes, certain information relating to the Credit Index will be as specified in the Index Annex named in the Final Terms.

The application of any of Credit Linked Conditions 6, 7, 8, 9 or 11 below shall, for the avoidance of doubt, not preclude the application of any other such Credit Linked Condition either contemporaneously or subsequently and in the event that any such provisions are inconsistent or the Calculation Agent becomes entitled to exercise a discretion under one or more of such provisions, the Calculation Agent may elect in its discretion which provision shall apply and under which provision or provisions it shall exercise its discretion.

1. Redemption of Credit Linked Notes

(a) Unless previously redeemed or purchased and cancelled and provided that a Credit Event Determination Date has not occurred in respect of any Reference Entity, the Issuer shall redeem each Credit Linked Note on the Maturity Date by payment of the Final Redemption Amount. If a Credit Event Determination Date has occurred in respect of any Reference Entity, the Issuer shall redeem each Credit Linked Note as described below. References in these Credit Linked Conditions to a Credit Linked Note or a Note are, unless the context otherwise requires, to a nominal amount of Credit Linked Notes equal to the Calculation Amount. Any payment of a "pro rata" amount in respect of a Note will be determined by reference to its nominal amount relative to the then Aggregate Nominal Amount of the Notes.

(b) Where the Notes are Single Reference Entity Credit Linked Notes, if a Credit Event Determination Date has occurred in relation to the Reference Entity, then the Notes will be settled in accordance with Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable or, if the Notes are Zero/Set Recovery Notes, the provisions of paragraph (h) below will apply.

(c) Where the Notes are First-to-Default Credit Linked Notes, if a Credit Event Determination Date has occurred in relation to any of the specified Reference Entities, then the Notes will be settled in accordance with Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, in relation only to the First Reference Entity (as defined in the definition of Credit Event Determination Date) or, if the Notes are Zero/Set Recovery Notes, the provisions of paragraph (h) below will apply.

(d) Where the Notes are Nth-to-Default Credit Linked Notes, if a Credit Event Determination Date has occurred in relation to one or more of the specified Reference Entities notwithstanding any provision to the contrary in these Credit Linked Conditions, no settlement in accordance with Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, or interest adjustment in accordance with Credit Linked Condition 5 will occur until such time as a Credit Event Determination Date has occurred in respect of the Relevant Number of Reference Entities (a "**Trigger**"). The Reference Entity in respect of which a Credit Event Determination Date has occurred which causes the Trigger to occur is referred to as the "**Triggering Reference Entity**" and the Relevant Number is the number specified as such in the Final Terms. As of the day on which the Calculation Agent determines that a Credit Event Determination Date has occurred in respect of the Relevant Number of References Entities then (i) Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, shall apply in relation only to the Triggering Reference Entity and the Credit Event Determination Date will be deemed to have occurred only as of such day for the purposes of the provisions set out in General Condition 4(g) or (ii) if the Notes are Zero/Set Recovery Notes, the provisions of paragraph (h) below will apply.

(e) Where the Notes are Non-Tranched Linear Basket Credit Linked Notes or Non-Tranched Index Credit Linked Notes to which Credit Payment on Maturity applies, Tranched Linear Basket Credit Linked Notes, or Tranched Index Credit Linked Notes, if a Credit Event Determination Date has occurred in respect of any specified Reference Entity then, in respect of each Credit Linked Note:

(i) unless the Credit Linked Note is a Zero Coupon Note, or unless the Credit Linked Conditions have been specified in the Final Terms not to apply to the relevant interest provisions, the interest calculation basis described in paragraph (j) below will apply; and

(ii) each Note shall be redeemed at the Credit Event Redemption Amount on the Credit Event Redemption Date, subject as provided in paragraph (i) below.

For the avoidance of doubt part (A) of this provision will apply and part (B) shall continue to apply in relation to each Reference Entity in respect of which a Credit Event Determination Date has occurred.

In respect of Tranched Linear Basket Credit Linked Notes and for the avoidance of doubt, where a Credit Event Determination Date has occurred with respect to a number of Reference Entities that is equal to or less than L (as defined below), then the Credit Event Redemption Amount will be par.

In respect of Tranched Index Credit Linked Notes and for the avoidance of doubt, where the Attachment Point is not exceeded by the Aggregate Loss Percentage following the occurrence of any Credit Event Determination Date, then the Credit Event Redemption Amount will be par.

Prior to each date on which a payment is due on the Credit Linked Notes, the Issuer shall procure that Noteholders are notified in accordance with Condition 13 of each Credit Event that has occurred since the previous payment date, provided that any delay or failure in the delivery of a such notice shall not affect the validity of any Credit Event Determination Date.

(f) Where the Notes are Non-Tranched Linear Basket Credit Linked Notes or Non-Tranched Index Credit Linked Notes to which Credit Payment As You Go applies, if a Credit Event Determination Date has occurred in respect of any specified Reference Entity: (i) the Issuer shall give notice in each case that a Credit Event Determination Date has occurred (such notice a "**Settlement Notice**") to the Noteholders in accordance with General Condition 13 and (ii) in respect of each Credit Linked Note:

(i) the Issuer shall pay as an Instalment Amount for the purposes of General Condition 6(i) an amount equal to the relevant Credit Event Amount, if any, on the relevant Credit Event Payment Date which will be the relevant Instalment Date;

(ii) unless the Credit Linked Note is a Zero Coupon Note, the interest calculation basis described in paragraph (j) below will apply; and

(iii) each Note shall be redeemed at the Credit Event Redemption Amount on the Credit Event Redemption Date, provided that if on or prior to the Credit Event Redemption Date and save where any Protection Amount is payable, a Credit Event Determination Date has occurred in respect of all the specified Reference Entities each Credit Linked Note will be redeemed (together with accrued interest, if any) at the final Credit Event Amount on the final Credit Event Payment Date, subject as provided in paragraph (i) below.

For the avoidance of doubt parts (i) and (ii) of this provision will apply and part (iii) of this provision will continue to apply in relation to each Reference Entity in respect of which a Credit Event Determination Date has occurred.

Any delay in the delivery of a Settlement Notice or failure by the Issuer to deliver a Settlement Notice shall not affect the validity of the Credit Event Determination Date in respect of the affected Reference Entity.

(g) Where only a part of an issuance of Notes is credit linked (which will be the case where the Credit Multiplier is less than 1), references in these Credit Linked Conditions to the "Scheduled Maturity Date" shall be references to the Scheduled Maturity Date of the credit linked part of the Notes only and notwithstanding any other provision of the Conditions, the Maturity Date of the Notes shall be the later of the Maturity Date determined in accordance with these Credit Linked Conditions, and the final Instalment Date specified in the Final Terms.

(h) Where the Notes are Zero/Set Recovery Notes then if a Credit Event Determination Date has occurred in respect of any Reference Entity (in the case of Single Reference Entity Credit Linked Notes, Linear Basket Credit Linked Notes, Index Credit Linked Notes or First-to-Default Credit Linked Notes) or in respect of the Triggering Reference Entity (in the case of Nth-to-Default Credit Linked Notes) then following a Credit Event Determination Date in respect of any such Reference Entity the provisions of Credit Linked Conditions 2, 3 or 4 will not apply but (i) each Single Reference Entity Credit Linked Note, First-to-Default Credit Linked Note and Nth-to-Default Credit Linked Note will be redeemed by payment of the Credit Event Redemption Amount, if any, on the Credit Event Redemption Date together with accrued interest, if any, and (ii) each Linear Basket Credit Linked Note or Index Credit Linked Note may be redeemed (or otherwise) as provided in paragraph (e) or (f) above, as applicable and/or paragraph (i) below, if applicable.

(i) Where any Credit Event Redemption Amount is zero (whether the Notes are Zero/Set Recovery Notes or otherwise) then, other than for the payment of any accrued interest or any other due but unpaid amounts, the Notes will be cancelled as of the Credit Event Redemption Date or, if other, the day on which it is determined that the Credit Event Redemption Amount is or would be, were it to be so calculated in respect of such day, zero with no payment being due other than any final amount of accrued interest or any other due but unpaid amounts. The Issuer will have no further obligations in respect of the Credit Linked Notes.

(j) In the case of Linear Basket Credit Linked Notes or Index Credit Linked Notes, Credit Linked Condition 5 shall be deemed to be specified as "Not Applicable" in the Final Terms and each Note will bear interest pursuant to, and in accordance with, General Condition 4, and for such purposes the aggregate outstanding nominal amount of the Notes shall be deemed to be the Adjusted Credit Outstanding Nominal Amount or, in the case of each of General Condition 4(a)(y) or 4(b)(v)(B), the Calculation Amount shall be deemed to be each Note's pro rata share of the Adjusted Credit Outstanding Nominal Amount, in each case on the relevant Interest Payment Date or the relevant date for payment pursuant to Credit Linked Conditions 6, 7, 8, 9 or 11. For the avoidance of doubt, this sub-paragraph (j) is intended to apply to Linear Basket Credit Linked Notes or Index Credit Linked Notes which are Zero Coupon Notes, subject to the provisions of sub-paragraph (k) below.

(k) For these purposes "**Adjusted Credit Outstanding Nominal Amount**" means, on any Interest Payment Date or date for payment pursuant to Credit Linked Conditions 6, 7, 8, 9, or 11:

(i) in the case of Non-Tranched Linear Basket Credit Linked Notes or Non-Tranched Index Credit Linked Notes (i) the aggregate outstanding nominal amount multiplied by the Credit Multiplier minus (ii) the product of (a) the aggregate outstanding nominal amount multiplied by the Credit Multiplier and (b) a fraction with (x) the original aggregate Reference Entity Notional Amounts of Reference Entities in respect of which a Credit Event Determination Date has occurred on or prior to the relevant Interest Payment Date or date for payment pursuant to Credit Linked Conditions 6, 7, 8, 9 or 11, as the case may be, as numerator and (y) the original aggregate Reference Entity Notional Amounts of the original number of Reference Entities to which the Notes related, in each case as of the Issue Date of the first Tranche of the Notes, as denominator;

(ii) in the case of Tranched Linear Basket Credit Linked Notes, an amount determined by the Calculation Agent by reference to the following formula:

$$\left[[\text{aggregate outstanding nominal amount} * \text{CM}] * \left(1 - \left(\frac{1}{H-L}\right) * \text{Min}[\text{H} - \text{L} ; \text{Max}\,[\text{N} - \text{L}; 0]]\right)\right]$$

Where,

"**CM**" means Credit Multiplier, which if specified as "Not applicable" in the Final Terms shall be equal to 1;

"**H**" means the higher tranche level, expressed as a number of Reference Entities as specified in the Final Terms;

"**L**" means the lower tranche level, expressed as a number of Reference Entities as specified in the Final Terms; and

"**N**" means the number of Reference Entities for which a Credit Event Determination Date has occurred; or

(iii) in the case of Tranched Index Credit Linked Notes, an amount determined by the Calculation Agent by reference to the following formula:

$$\left[[\text{aggregate outstanding nominal amount} * \text{CM}] * \left(1 - \left(\frac{1}{EP-AP}\right) * \text{Min}[\text{EP} - \text{AP} ; \text{Max}\,[\text{ALP} - \text{AP}; 0]]\right)\right]$$

Where,

"**ALP**" means the Aggregate Loss Percentage;

"**AP**" means the Attachment Point;

"**CM**" means Credit Multiplier, which if specified as "Not applicable" in the Final Terms shall be equal to 1;

"**EP**" means the Exhaustion Point.

(l) For the avoidance of doubt, the aggregate outstanding nominal amount in respect of Zero Coupon Notes is equal to 100 per cent. of their face amount.

(m) For the avoidance of doubt the provisions of Credit Linked Conditions 6, 7, 8, 9 and 11 may each apply to First-to-Default Credit Linked Notes and Nth-to-Default Credit Linked Notes meaning that subject to 1(g) above, the Maturity Date may be delayed beyond the Scheduled Maturity Date in certain circumstances.

(n) If any purchase and cancellation of Notes occurs under General Condition 6(g) or any further issue under General Condition 12, the Calculation Agent will make such adjustments to the applicable Final Terms and/or these Credit Linked Conditions as it determines appropriate (including Reference Entity Notional Amounts) to ensure the Notes continue to reflect economic intentions.

2. Auction Settlement

(a) Where Auction Settlement is specified as the applicable Settlement Method in the Final Terms and a Credit Event Determination Date occurs on or prior to the Auction Final Price Determination Date, the Issuer shall give notice (such notice an "**Auction Settlement Notice**") to the Noteholders in accordance with General Condition 13, and, subject to these Credit Linked Conditions, in particular Credit Linked Condition 1, redeem all but not some only of the Credit Linked Notes, each Credit Linked Note being redeemed by the Issuer at the Credit Event Redemption Amount in the relevant Specified Notes Currency on the Credit Event Redemption Date.

(b) 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 paragraphs (b) or (c)(ii) of the definition of No Auction Announcement Date, the Issuer has not exercised the Movement Option);

(iii) a DC Credit Event Question Dismissal occurs; or

(iv) a Credit Event Determination Date was determined pursuant to paragraph a(i) of the definition of Credit Event Determination Date or paragraph (a) of the definition of Non-Standard Credit Event Determination Date and no Credit Event Resolution Request Date has occurred in respect of the relevant Credit Event on or prior to the date falling three Business Days after such Credit Event Determination Date,

then:

(x) if Fallback Settlement Method – Cash Settlement is specified as applicable in the Final Terms, the Issuer shall redeem the Credit Linked Notes in accordance with Credit Linked Condition 3 below; or

(y) if Fallback Settlement Method – Physical Delivery is specified as applicable in the Final Terms, the Issuer shall redeem the Credit Linked Notes in accordance with Credit Linked Condition 4 below.

If a Credit Event Determination Date has occurred and the Notes become redeemable in accordance with this Credit Linked Condition 2, 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 nominal amount of a Credit Linked Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer or the Guarantor. For the avoidance of doubt, following redemption of a portion of the Notes in accordance with the foregoing, the Issuer may still have payment obligations in respect of any outstanding portion of the Notes.

3. Cash Settlement

If a Credit Event Determination Date has occurred, then where Cash Settlement is specified as the applicable Settlement Method in the Final Terms or if Credit Linked Condition 2(b)(iv)(x) above applies, the Issuer shall give notice (such notice a "**Cash Settlement Notice**") to the Noteholders in accordance with General Condition 13, and, subject to these Credit Linked Conditions, in particular Credit Linked Condition 1, redeem all but not some only of the Credit Linked Notes, each Credit Linked Note being redeemed by the Issuer at the Credit Event Redemption Amount in the relevant Specified Notes Currency on the Credit Event Redemption Date.

If Cash Settlement applies and "Mod Mod R" is specified as applicable in the Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then, unless the Valuation Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Valuation Obligation may be included in the Valuation Obligations Portfolio only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date in each case as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements.

If Cash Settlement applies and "Mod R" is specified as applicable in the Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Valuation Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Valuation Obligation may be included in the Valuation Obligations Portfolio only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements. For the purposes of this paragraph only and notwithstanding the foregoing, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.

If a Credit Event Determination Date has occurred and the Notes become redeemable in accordance with this Credit Linked Condition 3, 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 nominal amount of a Credit Linked Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer or the Guarantor. For the avoidance of doubt, following redemption of a portion of the Notes in accordance with the foregoing, the Issuer may still have payment obligations in respect of any outstanding portion of the Notes.

4. Physical Settlement

If a Credit Event Determination Date has occurred, then where Physical Delivery is specified as the applicable Settlement Method in the Final Terms or if Credit Linked Condition 2(b)(iv)(y) above applies, then, subject to any prior redemption, the Issuer shall, following the receipt of a Calculation Agent Physical Settlement Notice, give notice (such notice a "**Notice of Physical Settlement**") to the Noteholders in accordance with General Condition 13, and, subject to these Credit Linked Conditions, in particular Credit Linked Condition 1, redeem all but not some only of the Credit Linked Notes, each Credit Linked Note being redeemed by the Issuer by the Delivery of the Deliverable Obligations comprising the Entitlement on the Credit Settlement Date, subject to and in accordance with the General Conditions and these Credit Linked Conditions. The relevant Asset Package, if applicable, will be deemed to be a Deliverable Obligation and the composition of the Asset Package and the Entitlement in respect of each Credit Linked Note equal to the Calculation Amount will be determined by reference to the relevant Prior Deliverable Obligation or Package Observable Bond specified in the relevant Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable. Where appropriate the Calculation Agent may make any adjustment in relation to provisions for physical delivery and determination of the Entitlement to take account of the relevant Asset Package.

In the Notice of Physical Settlement, the Issuer shall specify the Deliverable Obligations comprising the Entitlement that it reasonably expects to Deliver. For the avoidance of doubt, the Issuer shall be entitled to select any of the Deliverable Obligations to constitute the Entitlement, irrespective of their market value. The Notice of Physical Settlement shall include (i) details of the relevant Reference Entity, (ii) the Outstanding Principal Balance or Due and Payable Amount, as applicable, or the equivalent amount in the Settlement Currency (in each case the relevant "**Outstanding Amount**") and, if different, the face amount, of each such Deliverable Obligation. The aggregate Outstanding Amount of all Deliverable Obligations specified in the Notice of Physical Settlement that the Issuer intends to Deliver shall be the relevant "**Aggregate Outstanding Amount**".

The Issuer may, from time to time, amend a Notice of Physical Settlement by delivering a notice to Noteholders in accordance with General Condition 13, (each such notification, a "**Physical Settlement Amendment Notice**") that the Issuer is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior Physical Settlement Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such Physical Settlement Amendment Notice is effective). A Physical Settlement Amendment Notice shall specify each replacement Deliverable Obligation that the Issuer will Deliver (each, a "**Replacement Deliverable Obligation**") and shall also specify the Outstanding Amount of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior Physical Settlement Amendment Notice, as applicable, that is being replaced (with respect to each such Deliverable Obligation, the "**Replaced Deliverable Obligation Outstanding Amount**"). The Outstanding Amount of each Replacement Deliverable Obligation identified in the Physical Settlement Amendment Notice shall be determined by applying the Revised Currency Rate to the relevant Replaced Deliverable Obligation Outstanding Amount. The Outstanding Amount of the Replacement Deliverable Obligation(s) specified in any Physical Settlement Amendment Notice in aggregate with the Outstanding Amount of the Deliverable Obligation(s) specified in the Notice of Physical Settlement or any

earlier Physical Settlement Amendment Notice which, in each case, are not being replaced must not be greater than the Aggregate Outstanding Amount. Each such Physical Settlement Amendment Notice must be effective on or prior to the Credit Settlement Date (determined without reference to any change resulting from such Physical Settlement Amendment Notice). Notwithstanding the foregoing, (i) the Issuer may correct any errors or inconsistencies contained in the Notice of Physical Settlement or any Physical Settlement Amendment Notice, as applicable, by notice to Noteholders in accordance with General Condition 13, prior to the relevant Delivery Date; and (ii) if Asset Package Delivery is applicable, the Issuer shall on the PSN Effective Date, or as soon as reasonably practicable thereafter (but in any case, prior to the Delivery Date), notify the Noteholders (in accordance with General Condition 13) of the detailed description of the Asset Package, if any, that the Issuer will Deliver in lieu of the Prior Deliverable Obligation or Package Observable Bond, if any, specified in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable, it being understood in each case that any such notice of correction shall not constitute a Physical Settlement Amendment Notice.

If Physical Settlement applies and "Mod R" is specified as applicable in the Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then, unless the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may be included in the Entitlement only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date in each case as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements.

If Physical Settlement applies and "Mod Mod R" is specified as applicable in the Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may be included in the Entitlement only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements. For the purposes of this paragraph only and notwithstanding the foregoing, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.

If a Credit Event Determination Date has occurred and the Notes become redeemable in accordance with this Credit Linked Condition 4, upon Delivery of the Deliverable Obligations and/or payment of the Partial Cash Settlement Amounts, as the case may be, 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 value of such Deliverable Obligations and/or the Partial Cash Settlement Amount, as the case may be, may be less than the nominal amount of a Credit Linked Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer or the Guarantor. For the avoidance of doubt, following redemption of a portion of the Notes in accordance with the foregoing, the Issuer may still have payment obligations in respect of any outstanding portion of the Notes.

5. Accrual of Interest

(a) Where this Credit Linked Condition 5 is specified in the Final Terms to not apply or the Credit Linked Conditions are specified in the Final Terms not to apply to any interest provisions of the Notes then, notwithstanding the occurrence of a Credit Event Determination Date, for such purposes, subject to Credit Linked Condition 1(j), each Note will continue to bear interest in accordance with General Condition 4(g) up to but excluding the Scheduled Maturity Date (with such date being deemed to be the final Interest Payment Date).

If this Credit Linked Condition 5 is specified to apply to any interest provisions of the Notes, if and to the extent that.

(i) "Accrual of Interest up to Credit Event" is specified in the Final Terms as not applicable to any interest provisions of the Notes then, notwithstanding General Condition 4(g), each Note to which the Credit Linked Conditions apply shall, to the extent to which this Credit Linked Condition 5 is expressed to apply to such Notes, cease to bear interest from the Interest Payment Date immediately preceding the Credit Event Determination Date, or if the Credit Event Determination Date is an Interest Payment Date such Interest Payment Date, or, if the Credit Event Determination Date falls prior to the first Interest Payment Date, no interest shall accrue on the Notes; or

(ii) "Accrual of Interest up to Credit Event" is specified in the Final Terms as applicable to any interest provisions of the Notes then, notwithstanding General Condition 4(g), each Note to which the Credit

Linked Conditions apply shall, to the extent to which this Credit Linked Condition 5 is expressed to apply to such Notes, cease to bear interest from the Credit Event Determination Date; and

provided that, in the case of (i) or (ii) if:

(i) Credit Linked Condition 6, Credit Linked Condition 7 or Credit Linked Condition 8 applies in respect of the Notes and, in the case of Credit Linked Condition 6, a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or, in the case of Credit Linked Condition 7, a Failure to Pay has not occurred on or prior to the Grace Period Extension Date or, in the case of Credit Linked Condition 8, a Credit Event has not occurred on or prior to the DC Cut-off Date, as the case may be; and/or

(ii) Credit Linked Condition 9 applies in respect of the Notes and a Credit Event Determination Date or the Repudiation/Moratorium Extension Condition, as applicable, has not occurred or are not satisfied on or prior to the Postponed Maturity Date,

then to the extent that Credit Linked Condition 5 applies to the Notes, interest will accrue as provided in Credit Linked Condition 6, Credit Linked Condition 7, Credit Linked Condition 8 or Credit Linked Condition 9, as the case may be.

For the avoidance of doubt, this Credit Linked Condition 5 shall not apply to Zero Coupon Notes, Linear Basket Credit Linked Notes or Index Credit Linked Notes.

6. Repudiation/Moratorium Extension

If "Repudiation/Moratorium" is specified as a Credit Event in the Final Terms, the provisions of this Credit Linked Condition 6 shall apply.

Where a Credit Event Determination Date has not occurred on or prior to the Credit Observation End Date or any Interest Payment Date (determined by reference to the Relevant Time) but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Credit Event Observation End Date or any Interest Payment Date or, if Credit Linked Condition 9(y) applies, the Postponed Maturity Date or Postponed Interest Payment Date (as defined in Credit Linked Condition 9) and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation Moratorium may, in the sole determination of the Calculation Agent, fall after the Scheduled Maturity Date or relevant Interest Payment Date, then the Calculation Agent shall notify the Noteholders in accordance with General Condition 13 that a Potential Repudiation/Moratorium has occurred and the maturity of the Notes and/or relevant interest payment will be delayed and:

(a) in relation to such event as of the Scheduled Maturity Date, where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date:

(i) each nominal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer at the Final Redemption Amount on the fifth Business Day following the Repudiation/Moratorium Evaluation Date or, if later, the Postponed Maturity Date; and

(ii) in the case of interest bearing Credit Linked Notes and to the extent that the Credit Linked Conditions are stated to apply to such Notes, the Issuer shall be obliged to pay interest (if any) calculated as provided herein, accruing from (and including) the Interest Payment 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 or, if later, 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

(iii) in the case of Credit Linked Notes which are Zero Coupon Notes, no amount in addition to the Final Redemption Amount shall be payable in respect of such delay; or

(b) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and a Credit Event Determination Date has occurred, the provisions of Credit Linked Condition 1, Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, shall apply to the Credit Linked Notes; or

(c) in relation to such event as of an Interest Payment Date, the Calculation Agent may delay the relevant amount of interest which would otherwise be payable on the relevant Interest Payment Date. In this case where (i) a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date then the relevant amount of interest shall be payable on the second Business Day following the

Repudiation/Moratorium Evaluation Date or, if later, the Postponed Interest Payment Date but no additional interest will be payable in respect of the relevant delay and for the avoidance of doubt no amendment will be made to any Interest Period or basis of calculation of the relevant amount of interest, other than as described above; or (ii) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and a Credit Event Determination Date has occurred thereafter, the relevant amount of interest will be adjusted accordingly and may be zero and will be payable on the second Business Day following the applicable Repudiation/Moratorium Evaluation Date or, if later, the Postponed Interest Payment Date.

7. Grace Period Extension

If "Grace Period Extension" is specified as applicable in the Final Terms (or applies pursuant to application of the Physical Settlement Matrix), the provisions of this Credit Linked Condition 7 shall apply.

Where a Credit Event Determination Date has not occurred on or prior to the Credit Observation End Date or any Interest Payment 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 Credit Event Observation End Date or relevant Interest Payment Date (determined by reference to the Relevant Time) (and such Grace Period(s) is/are continuing as at the Scheduled Maturity Date or relevant Interest Payment Date), then the Calculation Agent shall notify the Noteholders in accordance with General Condition 13 that a Potential Failure to Pay has occurred and the maturity of the Notes and/or relevant interest payment will be delayed and:

(a) in relation to a Potential Failure to Pay existing as of the Scheduled Maturity Date, where a Failure to Pay has not occurred on or prior to the Grace Period Extension Date:

(i) each nominal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer at the Final Redemption Amount on the fifth Business Day following the Grace Period Extension Date; and

(ii) in the case of interest bearing Credit Linked Notes and to the extent that the Credit Linked Conditions are stated to apply to such Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment 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; or

(iii) in the case of Credit Linked Notes which are Zero Coupon Notes, no amount in addition to the Final Redemption Amount shall be payable in respect of such delay; or

(b) where a Failure to Pay has occurred on or prior to the Grace Period Extension Date and a Credit Event Determination Date has occurred, to the extent that the Credit Linked Conditions are stated to apply to such Notes, the provisions of Credit Linked Condition 1, Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, shall apply to the Credit Linked Notes; or

(c) in relation to such event as of an Interest Payment Date, the Calculation Agent may delay the relevant amount of interest which would otherwise be payable on the relevant Interest Payment Date. In this case where (i) a Failure to Pay has not occurred on or prior to the Grace Period Extension Date then the relevant amount of interest shall be payable on the second Business Day following the Grace Period Extension Date but no additional interest will be payable in respect of the relevant delay and for the avoidance of doubt no amendment will be made to any Interest Period or basis of calculation of the relevant amount of interest, other than as described above; or (ii) where a Failure to Pay has occurred on or prior to the Grace Period Extension Date and a Credit Event Determination Date has occurred thereafter, the relevant amount of interest will be adjusted accordingly and may be zero and will be payable on the second Business Day following the applicable Grace Period Extension Date.

8. Credit Derivatives Determinations Committee Extension

If, in the determination of the Calculation Agent, a Potential Credit Event has occurred on or prior to the Credit Observation End Date or any Interest Payment Date and the Credit Derivatives Determinations Committee has not made its determination on or prior to the Scheduled Maturity Date or any Interest Payment Date (determined by reference to the Relevant Time) then the Calculation Agent shall notify Noteholders in accordance with General Condition 13 that the Maturity Date or relevant Interest Payment Date has been postponed to a date (the "**DC Determination Cut-off Date**") being the day falling (i) (a) if the Credit Derivatives Determinations Committee Resolves that a Credit Event has occurred, fifteen (15) Business Days

following the relevant DC Credit Event Announcement or (b) if the Credit Derivatives Determinations Committee Resolves that a Credit Event has not occurred, the second Business Day following the relevant DC No Credit Event Announcement or, if later (ii) fifteen (15) Business Days following the DC Credit Event Question Dismissal, and:

(a) in the case of the Maturity Date, where a Credit Event has not occurred on or prior to the DC Determination Cut-off Date:

(i) each nominal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer at the Final Redemption Amount on the fifth Business Day following the DC Determination Cut-off Date; and

(ii) in the case of interest bearing Credit Linked Notes and to the extent that the Credit Linked Conditions are stated to apply to such Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment 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 Determination 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

(iii) in the case of Credit Linked Notes which are Zero Coupon Notes, no amount in addition to the Final Redemption Amount shall be payable in respect of such delay; or

(b) where a Credit Event has occurred on or prior to the DC Determination Cut-off Date and a Credit Event Determination Date has occurred, to the extent that the Credit Linked Conditions are stated to apply to such Notes, the provisions of Credit Linked Condition 1, Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, shall apply to the Credit Linked Notes; or

(c) in relation to such event as of an Interest Payment Date, the Calculation Agent may delay the relevant amount of interest which would otherwise be payable on the relevant Interest Payment Date. In this case where (i) a Credit Event has not occurred on or prior to the DC Determination Cut-off Date then the relevant amount of interest shall be payable on the second Business Day following the DC Determination Cut-off Date but no additional interest will be payable in respect of the relevant delay and for the avoidance of doubt no amendment will be made to any Interest Period or basis of calculation of the relevant amount of interest, other than as described above; or (ii) where a Credit Event has occurred on or prior to the DC Determination Cut-off Date and a Credit Event Determination Date has occurred thereafter, the relevant amount of interest will be adjusted accordingly and may be zero and will be payable on the second Business Day following the applicable DC Determination Cut-off Date.

9. Maturity Date/Interest Payment Date Extension in the case of Credit Linked Notes

The following provisions of this Credit Linked Condition 9 apply to Credit Linked Notes and, for the avoidance of doubt, may be applied on more than one occasion:

Without prejudice to Credit Linked Condition 11, if:

(x) on (A) the Scheduled Maturity Date or any Interest Payment Date, (B), if applicable, the Repudiation/Moratorium Evaluation Date, (C) if Grace Period Extension is specified as applying in the Final Terms, the Grace Period Extension Date, (D) the last day of the Notice Delivery Period or (E) the DC Determination Cut-off Date, as the case may be, a Credit Event Determination Date has not occurred but, in the determination of the Calculation Agent, a Credit Event or Potential Credit Event may have occurred or may occur; or

(y) on the Scheduled Maturity Date or any Interest Payment Date, in the determination of the Calculation Agent, a Potential Repudiation/Moratorium may have occurred or may occur,

the Calculation Agent may at its option notify the Noteholders in accordance with General Condition 13 that the Maturity Date, the relevant Interest Payment Date, the Repudiation/Moratorium Evaluation Date, the Grace Period Extension Date, the last day of the Notice Delivery Period or the DC Determination Cut-off Date, as the case may be, has been postponed to a date (such date the "**Postponed Maturity Date**" or, in the case of an Interest Payment Date, the "**Postponed Interest Payment Date**") specified in such notice falling fifteen (15) Business Days after the Credit Observation End Date, the relevant Interest Payment Date, the relevant Repudiation/Moratorium Evaluation Date or Grace Period Extension Date, or the last day of the Notice Delivery Period or the DC Determination Cut-off Date, as the case may be, or if such day is not a Business Day the immediately succeeding Business Day, and:

where:

(a) in the case of Credit Linked Condition 9(x), a Credit Event Determination Date has not occurred on or prior to the Postponed Maturity Date or relevant Postponed Interest Payment Date or, in the case of Credit Linked Condition 9(y), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Maturity Date or relevant Postponed Interest Payment Date:

(i) subject as provided below, in the case of a Postponed Maturity Date each Note will be redeemed by the Issuer at the Final Redemption Amount on the fifth Business Day following the Postponed Maturity Date; and

(ii) in the case of a Postponed Maturity Date and interest bearing Credit Linked Notes, to the extent that the Credit Linked Conditions are stated to apply to such Notes, the Issuer shall be obliged to pay interest calculated as provided herein accruing from (and including) the Interest Payment 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

(iii) in the case of a Postponed Interest Payment Date, the Issuer shall be obliged to pay the relevant amount of interest on the second Business Day following the Postponed Interest Payment Date and no further or other amounts in respect of interest shall be payable as a result of such delay; or

(iv) in the case of Credit Linked Notes which are Zero Coupon Notes, no amount in addition to the Final Redemption Amount shall be payable in respect of such delay; or

(b) where:

(i) in the case of Credit Linked Condition 9(x), a Credit Event Determination Date has occurred on or prior to the Postponed Maturity Date or relevant Postponed Interest Payment Date, the provisions of Credit Linked Condition 1, Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, shall apply to the Credit Linked Notes; or

(ii) in the case of Credit Linked Condition 9(y), the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Maturity Date or relevant Postponed Interest Payment Date, the provisions of Credit Linked Condition 1 or Credit Linked Condition 6 shall apply to the Credit Linked Notes.

Notwithstanding any other provision of these Credit Linked Conditions, no Credit Event may occur after the Credit Observation End Date unless that Credit Event occurs as a result of and is related to a Potential Failure to Pay, a Potential Repudiation/Moratorium or a Credit Event Resolution Request Date which occurred on or prior to the Credit Observation End Date

10. Partial Cash Settlement

If all or a portion of the Obligations comprising the Entitlement are Undeliverable Obligations and/or Hedge Disruption Obligations, the Issuer shall give notice (a "**Partial Cash Settlement Notice**") to the Noteholders in accordance with General Condition 13 and the Issuer shall pay in respect of each Undeliverable Obligation and/or Hedge Disruption Obligation, as the case may be, the Partial Cash Settlement Amount on the Partial Cash Settlement Date.

In the Partial Cash Settlement Notice, the Issuer must give details of why it is unable to deliver the relevant Undeliverable Obligations or Hedge Disruption Obligation, as the case may be.

Unless otherwise specified in the Final Terms, for the purposes of this Credit Linked Condition 10 only the following terms shall be defined as follows and such definitions will apply notwithstanding other definitions of such terms in Credit Linked Condition 13:

"**Indicative Quotation**" means, in accordance with the Quotation Method, each quotation obtained from a Quotation Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, equal to the Quotation Amount, which reflects such Quotation Dealer's reasonable assessment of the price of such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, based on such factors as such Quotation Dealer may consider relevant, which may include historical prices and recovery rates.

"**Market Value**" means, with respect to an Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, on a Valuation Date, (i) 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 or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) 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); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if Indicative Quotations are specified as applying in the Final Terms and exactly three Indicative Quotations are obtained, the Indicative Quotation remaining after disregarding the highest and lowest Indicative Quotations (and, if more than one such Indicative Quotations have the same highest or lowest value, then one of such highest or lowest Indicative Quotations shall be disregarded); (vi) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) then, subject to paragraph (b) of the definition of "Quotation" below, an amount as determined by the Calculation Agent on the next Business Day on which at least two Full Quotations or a Weighted Average Quotation or, if applicable, three Indicative Quotations are obtained; and (vii) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) on the same Business Day on or prior to the tenth Business Day following the Valuation Date the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, 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 (or, if applicable, Indicative Quotations) were not obtained on such day.

"**Partial Cash Settlement Amount**" is deemed to be, for an Undeliverable Obligation or a Hedge Disruption Obligation, as the case may be, an amount calculated by the Calculation Agent equal to the greater of (i) (A) the Outstanding Principal Balance, the Due and Payable Amount or the Currency Amount, as applicable, of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, multiplied by (B) the Final Price with respect to such Undeliverable Obligation or Hedge Disruption Obligation, determined as provided in this Credit Linked Condition less if applicable (C) a *pro rata* share of Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the relevant Entitlement), and (ii) zero provided that where (i) the relevant Undeliverable Obligation or Hedge Disruption Obligation forms part of the Asset Package and the Calculation Agent determines in its sole discretion that a Final Price cannot reasonably be determined in respect of such Undeliverable Obligation or Hedge Disruption Obligation, then the Partial Cash Settlement Amount will be an amount calculated by the Calculation Agent in its sole discretion equal to the fair market value of the relevant Undeliverable Obligation or Hedge Disruption Obligation less Unwind Costs.

"**Partial Cash Settlement Date**" is deemed to be the date falling three Business Days after the calculation of the Final Price.

"**Quotation**" means each Full Quotation, the Weighted Average Quotation and, if Indicative Quotations are specified as applying in the Final Terms, each Indicative Quotation obtained and expressed as a percentage of the Outstanding Principal Balance or Due and Payable Amount, as applicable, of the relevant Undeliverable Obligation or Hedge Disruption Obligation 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 two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day and Indicative Quotations are specified as applying in the Final Terms, the Calculation Agent shall attempt to obtain three Indicative Quotations from five or more Quotation Dealers.

(b) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are specified as applying in the Final Terms, three Indicative Quotations) on the same Business Day on or prior to the tenth Business Day following the Valuation Date, the Quotations shall be

deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be, 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 (or, if applicable, Indicative Quotations) were not obtained on such day.

(c) The Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this determination.

"**Quotation Amount**" is deemed to be, with respect to each type or issue of Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, an amount equal to at least the Outstanding Principal Balance or Due and Payable 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), as applicable, of such Undeliverable Obligation or Hedge Disruption Obligations, as the case may be.

"**Quotation Method**" is deemed to be Bid.

"**Reference Obligation**" means the Standard Reference Obligation, if any, unless:

(a) "Standard Reference Obligation" is specified as not applicable in the Final Terms, in which case the Reference Obligation will be the Non-Standard Reference Obligation, if any; or

(b) (i) "Standard Reference Obligation" is specified as applicable in the Final Terms (or no election is specified in the Final Terms), (ii) there is no Standard Reference Obligation and either (iii) "Initially none" is specified in the Final Terms in respect of the Reference Obligation, or (iv) a Non-Standard Reference Obligation is specified in the Final Terms, in which case the Reference Obligation will be (A) the Non-Standard Reference Obligation to but excluding the first date of publication of the Standard Reference Obligation and (B) the Standard Reference Obligation from such date onwards, provided that the Standard Reference Obligation that is published would have been eligible to be selected as a Substitute Reference Obligation.

If "Standard Reference Obligation" is specified as applicable in the Final Terms (or no election is specified in the Final Terms), the Reference Obligation is the Standard Reference Obligation and the Standard Reference Obligation is removed from the SRO List, such obligation shall cease to be the Reference Obligation and the Calculation Agent will select as a substitute Reference Obligation any Deliverable Obligation with the same level of seniority as the relevant Seniority Level, provided that, if there is no Deliverable Obligation with the same level of seniority as the relevant Seniority Level, the Calculation Agent may select any Deliverable Obligation as a substitute Reference Obligation.

In addition:

(i) the Calculation Agent may at any time (x) replace the Reference Obligation with any Deliverable Obligation with the same level of seniority as the relevant Seniority Level from time to time, provided that, if there is no Deliverable Obligation with the same level of seniority as the relevant Seniority Level, the Calculation Agent may select any Deliverable obligation as the replacement Reference Obligation or (y) where there is no Reference Obligation, including for the avoidance of doubt where "Initially none" is specified in the Final Terms in respect of the Reference Obligation, select any Deliverable Obligation as the Reference Obligation; and

(ii) if "Standard Reference Obligation" is specified as applicable in the Final Terms (or no election is specified in the Final Terms) and a new obligation is placed on the SRO List in respect of the relevant Reference Entity, then the Calculation Agent may, but is not obliged to, select the new Standard Reference Obligation in respect of the Reference Entity as the Reference Obligation. The provisions of this definition may be applied by the Calculation Agent on more than one occasion and are without prejudice to the right of the Calculation Agent to determine a Substitute Reference Obligation.

Without prejudice to the paragraphs above:

(a) in the case of iTraxx Index Credit Linked Notes, the Reference Obligation will be the Reference Obligation (if any) specified as such opposite the relevant Reference Entity in the Index Annex, subject to the definition of "Substitute Reference Obligation" below and the following paragraph:

If there is no Standard Reference Obligation and the Index Sponsor publishes a replacement Reference Obligation for a Reference Entity, the Calculation Agent will select such Reference Obligation as the Reference Obligation hereunder for such Reference Entity rather than applying the provisions of the definition of "Substitute Reference Obligation" below; and

(b) in the case of CDX Index Credit Linked Notes, the Reference Obligation will be the Reference Obligation (if any) specified as such in the Index and specified opposite the Reference Entity in the Index Annex, subject as provided in paragraph (b) of the definition of "Index Annex" above and to the "Substitute Reference Obligation" provisions herein.

For the avoidance of doubt, in the case of (a) and (b) above, where there is no Reference Obligation specified for the relevant Reference Entity in the Index Annex, the provisions of (i)(y) above shall apply and the Calculation Agent may select any Deliverable Obligation as the Reference Obligation.

"**Valuation Date**" means, for the purposes of this Credit Linked Condition 10, the fifth Business Day after the Credit Settlement Date.

"**Valuation Method**" is deemed to be Highest unless fewer than two Full Quotations are obtained or a Weighted Average Quotation applies (or, if applicable, Indicative Quotations), in which case "Valuation Method" is deemed to be Market.

"**Valuation Time**" is the time specified as such in the Final Terms, or, if no time is so specified, 11:00 a.m. in the principal trading market for the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be.

"**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 Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, of as large a size as available but less than the Quotation Amount that in aggregate are approximately equal to the Quotation Amount.

11. Settlement Suspension

(a) **Suspension**

Without prejudice to Credit Linked Condition 9, if, following the determination of a Credit Event Determination Date but prior to the Credit Settlement Date or, to the extent applicable, a Valuation Date, there is a DC Credit Event Meeting Announcement, the Calculation Agent may, at its option, determine that the applicable timing requirements of this Credit Linked Condition 11 and the definitions of Credit Event Redemption Date, Valuation Date, Physical Settlement Period and PSN Cut-off Date, and any other Credit Linked Condition provision(s) as determined by the Calculation Agent, shall toll and be suspended and remain suspended (such period of suspension, a "**Suspension Period**") until the date of the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal. During such suspension period none of the Issuer, the Calculation Agent or any Noteholder are obliged to, nor are they entitled to, take any action in connection with the settlement of the Notes. Once the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal has occurred, the relevant timing requirements of the Credit Linked Conditions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by the DC Secretary with the Issuer having the benefit of the full day notwithstanding when the tolling or suspension began in accordance with this Credit Linked Condition 11.

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 the General Conditions and these Credit Linked 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).

(b) **Interest**

In the case of interest bearing Credit Linked Notes to the extent that the Credit Linked Conditions are stated to apply to such Notes, as specified in the Final Terms:

(i) 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

(ii) 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 Payment Day and no later than the fifth Payment Day following the end of the Suspension Period, all subject to the provisions of General Condition 5 and Credit Linked Conditions 6, 7 and 8.

12. Redemption following a Merger Event

If "Merger Event" is specified as applying in the 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 General Condition 13, and redeem all but not some only of the Credit Linked Notes and pay in respect of each Credit Linked Note, the Merger Event Redemption Amount on the Merger Event Redemption Date in each case as specified in the Final Terms.

13. Definitions applicable to Credit Linked Notes

"**2.5-year Limitation Date**" has the meaning given to that term in the definition of "Limitation Date".

"**10-year Limitation Date**" has the meaning given to that term in the definition of "Limitation Date".

"**Accrued Interest**" means for the purpose of these Credit Linked Conditions:

(a) in respect of any Notes for which "Physical Settlement" is specified to be the Settlement Method in the Final Terms (or for which Physical Settlement is applicable as the Fallback Settlement Method in accordance with Credit Linked Condition 2), the Outstanding Principal Balance of the Deliverable Obligations being Delivered will exclude accrued but unpaid interest, unless "Include Accrued Interest" is specified in the Final Terms, in which case, the Outstanding Principal Balance of the Deliverable Obligations being Delivered will include accrued but unpaid interest (as the Calculation Agent shall determine in its reasonable discretion);

(b) in respect of any Notes for which "Cash Settlement" is specified to be the applicable Settlement Method in the Final Terms (or for which Cash Settlement is applicable as the Fallback Settlement Method in accordance with Credit Linked Condition 2), and:

(i) "Include Accrued Interest" is specified in the Final Terms, the Outstanding Principal Balance of the Valuation Obligation shall include accrued but unpaid interest;

(ii) "Exclude Accrued Interest" is specified in the Final Terms, the Outstanding Principal Balance of the Valuation Obligation shall not include accrued but unpaid interest; or

(iii) neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the Final Terms, the Calculation Agent shall determine, based on the then current market practice in the market of the Valuation Obligation whether the Outstanding Principal Balance of the Valuation Obligation shall include or exclude accrued but unpaid interest and, if applicable, the amount thereof; or

(c) if Credit Linked Condition 10 applies, the Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation or Hedge Disruption Obligation (as applicable), whether such Quotations shall include or exclude accrued but unpaid interest.

"**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.

"**Aggregate Loss Percentage**" means, the sum of the Reference Entity Weightings for each Reference Entity for which a Credit Event Determination Date has occurred.

"**Asset**" means each obligation, equity, amount of cash, security, fee (including any "early-bird" or other consent fee), right and/or other asset, whether tangible or otherwise and whether issued, incurred, paid or provided by the Reference Entity or a third party (or any value which was realised or capable of being realised in circumstances where the right and/or other asset no longer exists).

"**Asset Market Value**" means the market value of an Asset, as the Calculation Agent shall determine by reference to an appropriate specialist valuation or in accordance with the methodology determined by the Credit Derivatives Determinations Committee.

"**Asset Package**" means, in respect of an Asset Package Credit Event, all of the Assets in the proportion received or retained by a Relevant Holder in connection with such relevant Asset Package Credit Event (which may include the Prior Deliverable Obligation or Package Observable Bond, as the case may be). If the Relevant Holder is offered a

choice of Assets or a choice of combinations of Assets, the Asset Package will be the Largest Asset Package. If the Relevant Holder is offered, receives and retains nothing, the Asset Package shall be deemed to be zero.

"**Asset Package Credit Event**" means:

(a) if "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the Final Terms:

(i) a Governmental Intervention; or

(ii) a Restructuring in respect of the Reference Obligation, if "Restructuring" is specified as applicable in the Final Terms and such Restructuring does not constitute a Governmental Intervention; and

(b) if the Reference Entity is a Sovereign and "Restructuring" is specified as applicable in the Final Terms, a Restructuring,

in each case, whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement.

"**Asset Package Delivery**" will apply if an Asset Package Credit Event occurs, unless (i) such Asset Package Credit Event occurs prior to the Credit Event Backstop Date determined in respect of the Credit Event specified in the Credit Event Notice or DC Credit Event Announcement applicable to the Credit Event Determination Date, or (ii) if the Reference Entity is a Sovereign, either (a) no Package Observable Bond exists immediately prior to such Asset Package Credit Event or (b) it is specified not to apply in the Final Terms by operation of the Physical Settlement Matrix or otherwise.

"**Attachment Point**" means the percentage specified as such in the Final Terms

"**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.

"**Auction Settlement Notice**" has the meaning given to that term in Credit Linked Condition 2.

"**Bankruptcy**" means the Reference Entity:

(a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

(b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;

(c) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective;

(d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty (30) calendar days of the institution or presentation thereof or before the Scheduled Maturity Date (in the case of Credit Linked Notes), whichever is earlier;

(e) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;

(g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty (30) calendar days thereafter or before the Scheduled Maturity Date (in the case of Credit Linked Notes), 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).

"**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 Final Terms.

"**Calculation Agent Physical Settlement Amendment Notice**" means a notice by the Calculation Agent to the Issuer containing material information required to be included in a Physical Settlement Amendment Notice to be given by the Issuer.

"**Calculation Agent Physical Settlement Notice**" means a notice from the Calculation Agent to the Issuer containing material information required to be included in a Notice of Physical Settlement to be given by the Issuer.

"**Cash Settlement Notice**" has the meaning given to that term in Credit Linked Condition 3.

"**CDX Index Credit Linked Notes**" means Notes which are either CDX Non-Tranched Index Credit Linked Notes or CDX Tranched Index Credit Linked Notes.

"**CDX Non-Tranched Index Credit Linked Notes**" means Non-Tranched Index Credit Linked Notes indicated as such in the Final Terms, where the Issuer purchases credit protection from Noteholders in respect of the Index.

"**CDX Tranched Index Credit Linked Notes**" means Tranched Index Credit Linked Notes indicated as such in the Final Terms, where the Issuer purchases credit protection from Noteholders in respect of a particular tranche of the Index.

"**Conditionally Transferable Obligation**" means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, in each case as of each such date the Calculation Agent determines appropriate for purposes of the Hedging Arrangements 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 the 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".

"**Conforming Reference Obligation**" means a Reference Obligation which is a Deliverable Obligation determined in accordance with paragraph (a) below of the definition of Deliverable Obligation below.

"**Credit Derivatives Auction Settlement Terms**" means any Credit Derivatives Auction Settlement Terms published by ISDA, a form of which will be published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and may be amended from time to time.

"**Credit Derivatives Determinations Committee**" (and each a "Credit Derivatives Determinations Committee") means each committee established pursuant to the DC Rules for purposes of reaching certain DC Resolutions in connection with credit derivative transactions.

"**Credit Event**" means the occurrence of any one or more of the Credit Events specified in the Final Terms which may include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium, Restructuring or Governmental Intervention.

If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

(a) any lack or alleged lack of authority or capacity of the Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;

(b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;

(c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or

(d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

"**Credit Event Amount**" means, in the case of Linear Basket Credit Linked Notes or Index Credit Linked Notes to which Credit Payment As You Go applies, following the occurrence of a Credit Event Determination Date in respect of any Reference Entity (i) the amount specified as such in the Final Terms or (ii) a Note's *pro rata* share of the amount (which may be zero) calculated by the Calculation Agent in accordance with the following formula:

(RENA × FP) – UC

where:

"**RENA**" is the Reference Entity Notional Amount in respect of the affected Reference Entity;

"**FP**" is the Final Price, the Auction Final Price or the Set/Zero Recovery Price, as applicable, in respect of the affected Reference Entity;

"**UC**" is Unwind Costs.

Expressed in words, this is (1) the product of the Reference Entity Notional Amount in respect of the affected Reference Entity and the Final Price, Auction Final Price or the Set/Zero Recovery Price, as applicable, in respect of the affected Reference Entity minus (2) the Unwind Costs.

"**Credit Event Backstop Date**" means:

(a) for purposes of any event that constitutes a Credit Event (or with respect to a Repudiation/Moratorium, if applicable, 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 sixty (60) calendar days prior to the earlier of:

(i) if the Notice Delivery Date occurs during the Notice Delivery Period, the Notice Delivery Date; and

(ii) if the Notice Delivery Date occurs during the Post Dismissal Additional Period, the Credit Event Resolution Request Date; and

Provided that, if so specified in the Final Terms, such date, will be, in all cases, the later to occur of (A) the Trade Date and (B) the Credit Event Backstop Date that is determined pursuant to (a) or (b) above.

The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

"**Credit Event Determination Date**" means, with respect to a Credit Event with respect to which:

(a) Auction Settlement is the applicable Settlement Method or in any event in the case of a Tranched Linear Basket Credit Linked Note, a Tranched Index Credit Linked Note or a Zero/Set Recovery Note:

(i) subject to paragraph (a)(ii) of this definition, the Notice Delivery Date if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, provided that neither (A) a DC Credit Event Announcement has occurred nor (B) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or

(ii) notwithstanding paragraph (a)(i) of this definition, the Credit Event Resolution Request Date, if a DC Credit Event Announcement has occurred, the Credit Event Resolution Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) and either:

(i) (1) the Credit Event is not an M(M)R Restructuring; and

(2) the Trade Date occurs on or prior to a DC Announcement Coverage Cut-off Date; or

(ii) (1) the Credit Event is an M(M)R Restructuring; and

(2) a Credit Event Notice is delivered and is effective on or prior to the Exercise Cut-off Date,

provided that no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, or the Calculation Agent otherwise determines this is consistent with the Issuer's Hedging Arrangements, or

(b) if paragraph (a) of this definition does not apply, the Non-Standard Credit Event Determination Date.

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 Settlement 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 event.

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 these Credit Linked Conditions (including any adjustment to payment amounts) as may be required to reflect (I) such deemed date of occurrence or (II) such deemed non-occurrence, of such Credit Event Determination Date and (2) the effective date of such adjustment(s). For the avoidance of doubt, no accruals of interest shall be taken into account when calculating any adjustment to payment amounts.

Where the Notes are First-to-Default Credit Linked Notes, a Credit Event Determination Date shall be deemed to occur with respect to the Notes on the first occasion a Credit Event Determination Date occurs with respect to any Reference Entity (the "**First Reference Entity**"). Where the Notes are First-to-Default Credit Linked Notes or Nth-to-Default Credit Linked Notes and a Credit Event Determination Date occurs with respect to more than one Reference Entity on the same day, the Calculation Agent shall determine in its sole discretion the order in which such Credit Event Determination Dates occur.

"**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 on or after the Credit Event Backstop Date and on or prior to the Extension Date.

Any Credit Event Notice that describes a Credit Event that occurred after the Credit Observation End Date must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

A Credit Event Notice 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 General Condition 13.

"**Credit Event Payment Date**" means in relation to any Credit Event Amount the day falling the number of Business Days specified in the applicable Final Terms (or, if a number of Business Days is not so specified, three Business Days) following (x) the calculation of the relevant Final Price or Auction Final Price, as applicable or (y) in the case of Zero/Set Recovery Notes, the Credit Event Determination Date.

"**Credit Event Redemption Amount**" means, unless otherwise specified in the Final Terms:

(a) in the case of Single Reference Entity Credit Linked Notes, First-to-Default Credit Linked Notes and Nth-to-Default Credit Linked Notes, an amount calculated by the Calculation Agent equal to each Note's *pro rata* share of:

$$[(RENA \times FP) - UC\ ] + \text{Protected Amount}$$

Expressed in words, this is the sum of (a), (1) the product of the Reference Entity Notional Amount and the Final Price, Auction Final Price or the Set/Zero Recovery Price, as applicable minus (2) the Unwind Costs and (b) if specified as applicable in the Final Terms, the Protected Amount.

(b) in the case of Non-Tranched Linear Basket Credit Linked Notes or Non-Tranched Index Credit Linked Notes to which Credit Payment on Maturity applies, an amount calculated by the Calculation Agent equal to each Note's *pro rata* share of:

$$\left[\left(\sum_{1\ldots n} \mathrm{RENA}_{u,i}\right) + \left(\sum_{1\ldots n} \mathrm{RENA}_{A,i} \times \mathrm{FP}_{A,i}\right) - \mathrm{UC}\right] + \text{Protected Amount; or}$$

Expressed in words, this is the sum of (a) (1) the sum of the Reference Entity Notional Amounts in respect of each Reference Entity for which a Credit Event Determination Date has not occurred plus (2) the sum of, in respect of each Reference Entity for which a Credit Event Determination Date has occurred, the product of the Reference Entity Notional Amount and the Final Price, Auction Final Price or the Set/Zero Recovery Price (as applicable) minus (3) Unwind Costs and (b) if specified as applicable in the Final Terms, the Protected Amount.

(c) in the case of Non-Tranched Linear Basket Credit Linked Notes or Non-Tranched Index Credit Linked Notes to which Credit Payment As You Go applies, an amount calculated by the Calculation Agent equal to a Note's *pro rata* share of:

$$\left[\sum_{1\ldots n} \mathrm{RENA}_{u,i}\right] + \text{Protected Amount}$$

Expressed in words, this is the sum of (a) the Reference Entity Notional Amounts in respect of each Reference Entity for which a Credit Event Determination Date has not occurred and (b) if specified as applicable in the Final Terms, the Protected Amount;

(d) in the case of Tranched Linear Basket Credit Linked Notes, an amount calculated by the Calculation Agent equal to each Note's *pro rata* share of:

$$\left[[\text{aggregate outstanding nominal amount} * \text{Credit Multiplier}] * \left(1 - \left(\frac{1}{H-L}\right) * \mathrm{Min}[\mathrm{H} - \mathrm{L}; \mathrm{Max}\,[\mathrm{N} - \mathrm{L}; 0]]\right)\right] + \text{Protected Amount}$$

Expressed in words, this is the sum of (a) the product of (i) the aggregate outstanding nominal amount of Notes multiplied by the Credit Multiplier and (ii) one minus the product of (x) the quotient of 1 as numerator and the number of Reference Entities specified as H (being the higher tranche level) in the Final Terms minus the number of Reference Entities specified as L (being the lower tranche level) in the Final Terms ("**H-L**") as denominator and (y) the lesser of H-L and the number, floored at zero, of Reference Entities in respect of which a Credit Event Determination Date has occurred minus the number of Reference Entities specified as L (being the lower tranche level) in the Final Terms and (b) if specified as applicable in the Final Terms, the Protected Amount; or

(e) in the case of Tranched Index Credit Linked Notes, an amount calculated by the Calculation Agent equal to each Note's *pro rata* share of:

$$\left[[\text{aggregate outstanding nominal amount} * \mathrm{CM}] * \left(1 - \left(\frac{1}{EP-AP}\right) * \mathrm{Min}[\mathrm{EP} - \mathrm{AP}\,; \mathrm{Max}\,[\mathrm{ALP} - \mathrm{AP}; 0]]\right)\right] + \text{Protected Amount}$$

expressed in words, this is the sum of (a) the product of (i) the aggregate outstanding nominal amount of Notes multiplied by the Credit Multiplier and (ii) one minus the product of (x) the quotient of 1 as numerator and the Exhaustion Point minus the Attachment Point as denominator and (y) the lesser of (A) the Exhaustion Point plus the Attachment Point and (B) the number, floored at zero, equal to the sum of the Aggregate Loss Percentage minus the Attachment Point and (b) if specified as applicable in the Final Terms, the Protected Amount.

where:

"**ALP**" means the Aggregate Loss Percentage;

"**AP**" means the Attachment Point;

"**CM**" means the Credit Multiplier;

"**EP**" means the Exhaustion Point;

"**Protected Amount**" means the amount stated in the Final Terms if specified as applicable;

"**RENA**" is the Reference Entity Notional Amount, with $RENA_{u,i}$ being the Reference Entity Notional Amount in respect of any $Reference\ Entity_i$ for which a Credit Event Determination Date has not occurred and being deemed to be zero for all other Reference Entities and $RENA_{A,i}$ is the Reference Entity Notional Amount in respect of any $Reference\ Entity_i$ for which a Credit Event Determination Date has occurred and being deemed to be zero for all other Reference Entities;

"**FP**" is the Final Price, the Auction Final Price or the Set/Zero Recovery Price, as applicable, with $FP_{A,i}$ being such value in respect of the Reference Entity for which a Credit Event Determination Date has occurred;

"**UC**" is Unwind Costs; and

"**n**" is the number of Reference Entities,

provided that, in each case, in no event shall the Credit Event Redemption Amount be more than the nominal amount of the Notes multiplied by the Credit Multiplier (if applicable) or less than zero.

"**Credit Event Redemption Date**" means, subject to Credit Linked Condition 11:

(1) in the case of any Notes other than Linear Basket Credit Linked Notes or Index Credit Linked Notes,

(a) the day falling three Business Days, or such other number of Business Days specified in the Final Terms, after (i) the calculation of the Final Price (ii) the Auction Settlement Date or (iii) if the Notes are Zero/Set Recovery Notes the Credit Event Determination Date, as applicable, in each case in respect of the Reference Entity the occurrence of which results in the Notes becoming redeemable; or

(b) where Maturity Credit Redemption is specified to be applicable in the Final Terms only: if later, the Maturity Date determined pursuant to these Credit Linked Conditions and subject to adjustment, where applicable, pursuant to Credit Linked Conditions 6, 7, 8, 9 and 11; or

(2) in the case of Linear Basket Credit Linked Notes or Index Credit Linked Notes, the "**Maturity Date**" determined for these purposes as

(A) subject to (B) and (C) below, the later of

(a) the day falling three Business Days or such other number of Business Days specified in the Final Terms, following (i) the calculation of the Final Price or (ii) the Auction Final Price Determination Date (or, if later, the related Auction Settlement Date) in respect of each Reference Entity for which a Credit Event Determination Date has occurred and for which the Final Price or Auction Final Price is relevant for the determination of the Credit Event Redemption Amount; and

(b) the Maturity Date determined without regard to the provisions of this paragraph and subject to adjustment as specified in Credit Linked Conditions 6, 7, 8, 9 or 11; or

(B) if the Notes are Zero/Set Recovery Notes, the later of

(a) the day falling three Business Days or such other number of Business Days specified in the Final Terms, following the date as of which a Credit Event Determination Date has occurred or is determined not to have occurred in respect of each Reference Entity which is relevant for the determination of the Credit Event Redemption Amount; and

(b) the Maturity Date determined without regard to the provisions of this paragraph and subject to adjustment as specified in Credit Linked Conditions 6, 7, 8, 9 or 11; or

(C) if the Notes are Tranched Linear Basket Credit Linked Notes or Tranched Index Credit Linked Notes, the Maturity Date subject to adjustment as specified in Credit Linked Conditions 6, 7, 8, 9 or 11.

"**Credit Event Reduction Factor**" means:

(1) in the case of any Notes other than Tranched Linear Basket Credit Linked Notes or Tranched Index Credit Linked Notes, a fraction, (i) the numerator of which is the aggregate Reference Entity Notional Amounts of all Reference Entities in respect of which a Credit Event Determination Date has not occurred prior to the Credit Observation End Date and (ii) the denominator of which is the aggregate of the Reference Entity Notional Amounts of all Reference Entities; or

(2) in the case of Tranched Linear Basket Credit Linked Notes or Tranched Index Credit Linked Notes only, a fraction, (i) the numerator of which is the Adjusted Credit Outstanding Nominal Amount, and (ii) the denominator of which is the aggregate outstanding nominal amount multiplied by the Credit Multiplier (if any) as of the Issue Date.

"**Credit Event Resolution Request Date**" means, with respect to a DC Credit Event Question, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which the DC Credit Event Question was effective and on which the relevant Credit Derivatives Determinations Committee was in possession of Publicly Available Information with respect to such DC Credit Event Question.

"**Credit Index**" means the index named in the Index Annex specified in the Final Terms.

"**Credit Multiplier**" means 1 unless specified otherwise in the Final Terms.

"**Credit Observation End Date**" means the Scheduled Maturity Date or such other date specified in the Final Terms. The Credit Observation End Date shall not be subject to adjustment in accordance with any Business Day Convention.

"**Credit Settlement Date**" means (a) the last day of the longest Physical Settlement Period following the PSN Cut-off Date (the "Scheduled Credit Settlement Date") provided that if a Hedge Disruption Event has occurred and is continuing on the second Business Day immediately preceding the Scheduled Credit Settlement Date, the Credit Settlement Date shall be the earlier of (i) the second Business Day following the date on which no Hedge Disruption Event subsists and (ii) the day falling sixty (60) Business Days following the Scheduled Credit Settlement Date or (b) where Maturity Credit Redemption is specified to be applicable in the Final Terms only: if later, the Maturity Date determined pursuant to these Credit Linked Conditions and subject to adjustment, where applicable, pursuant to Credit Linked Conditions 6, 7, 8, 9 and 11.

"**Currency Amount**" means, with respect to (a) a Deliverable Obligation specified in a Notice of Physical Settlement or a selected Valuation Obligation, as applicable that is denominated in a currency other than the Settlement Currency, an amount converted to the Settlement Currency using a conversion rate determined by reference to the Currency Rate and (b) a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, an amount converted to the Settlement Currency (or, if applicable, back into the Settlement Currency) using a conversion rate determined by reference to the Currency Rate, if any, and each Revised Currency Rate used to convert each Replaced Deliverable Obligation Outstanding Amount specified in each Physical Settlement Amendment Notice with respect to that portion of the relevant Credit Linked Notes into the currency of denomination of the relevant Replacement Deliverable Obligation.

"**Currency Rate**" means, with respect to (a) a Deliverable Obligation specified in the Notice of Physical Settlement or any Physical Settlement Amendment Notice, as applicable, or selected Valuation Obligation, as applicable, the rate of conversion between the Settlement Currency and the currency in which the Outstanding Amount of such Deliverable Obligation is denominated that is either (i) determined by reference to the Currency Rate Source as at the Next Currency Fixing Time or (ii) if such rate is not available at such time, determined by the Calculation Agent and (b) a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, the Revised Currency Rate.

"**Currency Rate Source**" means the mid-point rate of conversion published by WM/Reuters at 4:00 p.m. (London time), or any successor rate source approved by the relevant Credit Derivatives Determinations Committee.

"**DC Announcement Coverage Cut-off Date**" means, with respect to a DC Credit Event Announcement, the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is fourteen calendar days following the No Auction Announcement Date, if any, as applicable.

"**DC Credit Event Announcement**" means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date, provided that if the Credit Event occurred after the Credit Observation End Date, the DC Credit Event Announcement must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

"**DC Credit Event Meeting Announcement**" means, with respect to the Reference Entity, a public announcement by the DC Secretary that a Credit Derivatives Determinations Committee will be convened to Resolve the matters described in a DC Credit Event Question.

"**DC Credit Event Question**" means a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve whether an event that constitutes a Credit Event has occurred.

"**DC Credit Event Question Dismissal**" means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in a DC Credit Event Question.

"**DC Cut-off Date**" has the meaning given to that term in Credit Linked Condition 8.

"**DC No Credit Event Announcement**" means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that is the subject of a DC Credit Event Question does not constitute a Credit Event.

"**DC Party**" has the meaning given to that term in the DC Rules.

"**DC Resolution**" has the meaning given to that term in the DC Rules.

"**DC Rules**" means 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.

"**DC Secretary**" has the meaning given to that term in the DC Rules.

"**Default Requirement**" means the amount specified as such in the Final Terms or its equivalent in the relevant Obligation Currency or, if no such amount is specified in the Final Terms, US$10,000,000, 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 Guarantee, transfer of the benefit of the Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title (or, with respect to Deliverable Obligations where only equitable title is customarily conveyed, all equitable title) and interest in the Entitlement 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 but excluding any liens routinely imposed on all securities in a relevant clearance system or right of set-off by or of the Reference Entity or any applicable Underlying Obligor) provided that (i) if all or a portion of the Entitlement consists of Direct Loan Participations, "Deliver" means to create (or procure the creation of) a participation in favour of the relevant Noteholder and (ii) if a Deliverable Obligation is a Guarantee, "Deliver" means to Deliver both the Underlying Obligation and the Guarantee, provided further that if the Guarantee has a Fixed Cap, "Deliver" means to Deliver the Underlying Obligation, the Guarantee and all claims to any amounts which are subject to such Fixed Cap. "Delivery" and "Delivered" will be construed accordingly. In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time.

If Asset Package Delivery is specified as applicable in the Final Terms, (i) Delivery of a Prior Deliverable Obligation or a Package Observable Bond specified in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable, may be satisfied by Delivery of the related Asset Package, and such Asset Package shall be treated as having the same currency, Outstanding Principal Balance or Due and Payable Amount, as applicable, as the Prior Deliverable Obligation or Package Observable Bond to which it corresponds had immediately prior to the Asset Package Credit Event, (ii) paragraph (a) above shall be deemed to apply to each Asset in the Asset Package provided that if any such Asset is not a Bond, it shall be treated as if it were a Loan for these purposes, (iii) if the Asset Package is zero, the Outstanding Amount of the Prior Deliverable Obligation or Package Observable Bond shall be deemed to have been Delivered in full three Business Days following the date on which the Issuer has notified the Holders in accordance with Credit Linked Condition 4 of the detailed description of the Asset Package that it intends to Deliver, (iv) the Issuer may satisfy its obligation to make Delivery of the Prior Deliverable Obligation or Package Observable Bond in part by Delivery of each Asset in the Asset Package in the correct proportion and (v) if the relevant Asset is a Non-Transferable Instrument or Non-Financial Instrument, the Asset shall be deemed to be an amount of cash equal to the Asset Market Value and the term Asset Package shall be construed accordingly.

"**Deliverable Obligation**" means:

(a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the method described in "*Method for Determining Deliverable Obligations*" below;

(b) the Reference Obligation;

(c) solely in relation to a Restructuring Credit Event applicable to a Reference Entity which is a Sovereign, and unless Asset Package Delivery is applicable, any Sovereign Restructured Deliverable Obligation; and

(d) if Asset Package Delivery is applicable, (i) if Financial Reference Entity Terms is specified as applicable in the Final Terms, any Prior Deliverable Obligation, or (ii) if the Reference Entity is a Sovereign, any Package Observable Bond,

in each case, (i) unless it is an Excluded Deliverable Obligation and (ii) provided that the obligation has an Outstanding Principal Balance or Due and Payable Amount that is greater than zero (determined for purposes of paragraph (d) above, immediately prior to the relevant Asset Package Credit Event).

(i) *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 the Reference Entity described by the Deliverable Obligation Category specified in the Final Terms, and, subject to paragraph (ii) (*Interpretation of Provisions*) below, having each of, the Deliverable Obligation Characteristics, if any, specified in the Final Terms, in each case, as of each such date the Calculation Agent determines relevant for purposes of the Hedging Arrangements. The following terms shall have the following meanings:

(i) "**Deliverable Obligation Category**" means one of Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan (each as defined in the definition of "Obligation" below, except that, for the purpose of determining Deliverable Obligation, the definition of "Reference Obligation Only" shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligation Only).

(ii) "**Deliverable Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of "Obligation" below), Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer;

(A) "**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 the Reference Entity is guaranteeing such Loan) or any agent;

(B) "**Consent Required Loan**" means a Loan that is capable of being assigned or novated with the consent of the Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if the Reference Entity is guaranteeing such loan) or any agent;

(C) "**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);

(D) "**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:

I contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S 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);

II restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or

III restrictions in respect of blocked periods on or around payment dates or voting periods;

(E) "**Maximum Maturity**" means an obligation that has a remaining maturity of not greater than the period specified in the Final Terms (or if no such period is specified, thirty years);

(F) "**Accelerated or Matured**" means an obligation under which the principal amount owed, whether by reason of maturity, acceleration, termination or otherwise, is due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and

(G) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream International or any other internationally recognised clearing system.

(ii) *Interpretation of Provisions*

(i) If either of the Obligation Characteristics "Listed" or "Not Domestic Issuance" is specified in the Final Terms, the Final Terms shall be construed as though the relevant Obligation Characteristic had been specified as an Obligation Characteristic only with respect to Bonds.

(ii) If (i) either of the Deliverable Obligation Characteristics "Listed", "Not Domestic Issuance" or "Not Bearer" is specified in the 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; (ii) the Deliverable Obligation Characteristic "Transferable" is specified in the 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; or (iii) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the 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.

(iii) If more than one of "Assignable Loan", "Consent Required Loan" and "Direct Loan Participation" are specified as Deliverable Obligation Characteristics in the Final Terms, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.

(iv) If an Obligation or a Deliverable Obligation is a Relevant Guarantee, the following will apply:

(A) for purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Relevant Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation;

(B) for purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Relevant Guarantee and the Underlying Obligation must satisfy on the relevant date or dates each

of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the Final Terms from the following list: "Not Subordinated", "Specified Currency", "Not Sovereign Lender", "Not Domestic Currency" and "Not Domestic Law";

(C) for purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the Final Terms from the following list: "Listed", "Not Domestic Issuance", "Assignable Loan", "Consent Required Loan", "Direct Loan Participation", "Transferable", "Maximum Maturity", "Accelerated" or "Matured" and "Not Bearer"; and

(D) 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.

(E) For purposes of the application of the Deliverable Obligation Characteristic "Maximum Maturity", remaining maturity shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the remaining maturity shall be zero.

(F) If "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the Final Terms, if an obligation would otherwise satisfy a particular Obligation Characteristic or Deliverable Obligation Characteristic, the existence of any terms in the relevant obligation in effect at the time of making the determination which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, shall not cause such obligation to fail to satisfy such Obligation Characteristic or Deliverable Obligation Characteristic.

(G) For purposes of determining the applicability of Deliverable Obligation Characteristics and the requirements specified in the paragraphs commencing "If "Mod R" …" and "If "Mod Mod R" …" in Credit Linked Condition 4 to a Prior Deliverable Obligation or a Package Observable Bond, any such determination shall be made by reference to the terms of the relevant obligation in effect immediately prior to the Asset Package Credit Event.

(H) If "Subordinated European Insurance Terms" is specified as applicable in the Final Terms, if an obligation would otherwise satisfy the "Maximum Maturity" Deliverable Obligation Characteristic, the existence of any Solvency Capital Provisions in such obligation shall not cause it to fail to satisfy such Deliverable Obligation Characteristic.

For the avoidance of doubt the provisions of this paragraph (ii) apply in respect of the definitions of Obligation and Deliverable Obligation as the context admits.

"**Deliverable Obligation Provisions**" has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

"**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 or an Asset Package, the date such Deliverable Obligation is Delivered (or deemed to be Delivered pursuant to the definition of "Deliver" above).

"**Domestic Currency**" means the currency specified as such in the Final Terms and any successor currency thereto (or if no such currency is specified, the lawful currency and any successor currency of (a) the Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organised, if the Reference Entity is not a Sovereign.

"**Domestic Law**" means each of the laws of (a) the Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organised, if such Reference Entity is not a Sovereign.

"**Downstream Affiliate**" means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. owned, directly or indirectly, by the Reference Entity. As used herein, "**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 the amount that is due and payable by the Reference Entity under the obligation whether by reason of maturity, acceleration, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts) less all or any portion of such amount which, pursuant to the terms of the obligation (a) is subject to any Prohibited Action, or (b) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (i) payment or (ii) a Permitted Contingency), in each case, determined in accordance with the terms of the obligation in effect on either (A) the relevant PSN Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date), or (B) the relevant Valuation Date, as applicable.

"**Eligible Information**" means information which is publicly available or which can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

"**Eligible Transferee**" means:

(a) any:

(i) bank or other financial institution;

(ii) insurance or reinsurance company;

(iii) mutual fund, unit trust or similar collective investment vehicle (other than an entity described in sub-paragraph (c) 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 of at least US$500 million;

(b) an Affiliate of an entity specified in 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 (A) has total assets of at least US$100 million or (B) is one of a group of investment vehicles under common control or management having, in aggregate, total assets of at least US$100 million; or

(ii) that has total assets of at least US$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)(i) or (d); or

(d) any Sovereign; or

(e) any entity or organisation established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

All references in this definition to US$ include equivalent amounts in other currencies in each case as determined by the Calculation Agent.

"**Entitlement**" means, in respect of each nominal amount of Credit Linked Notes equal to the Calculation Amount multiplied by the Credit Multiplier, as applicable, Deliverable Obligations, as selected by the Calculation Agent, with:

(a) in the case of Deliverable Obligations that are Borrowed Money, an Outstanding Principal Balance; or

(b) in the case of Deliverable Obligations that are not Borrowed Money, a Due and Payable Amount,

(or, in the case of either (a) or (b), the equivalent Currency Amount of any such amount), in an aggregate amount as of the relevant Delivery Date equal to the Calculation Amount multiplied by the Credit Multiplier (if applicable) less, if Unwind Costs are specified as applying in the Final Terms, Deliverable Obligations with a market value determined by the Calculation Agent on the Business Day selected by the Calculation Agent falling during the period from and including the Credit Event Determination Date to and including the Delivery Date equal to a *pro rata* share of Unwind Costs.

"**Excluded Deliverable Obligation**" means:

(a) any obligation of a Reference Entity specified as such or of a type described in the Final Terms;

(b) any principal only component of a Bond from which some or all of the interest components have been stripped; and

(c) if Asset Package Delivery is applicable, any obligation issued or incurred on or after the date of the relevant Asset Package Credit Event.

"**Excluded Obligation**" means:

(a) any obligation of a Reference Entity specified as such or of a type described in the Final Terms;

(b) if "Financial Reference Entity Terms" is specified as applicable in the Final Terms and (i) the relevant Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (ii) there is no Reference Obligation or Prior Reference Obligation, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Subordinated Obligation; and

(c) if "Financial Reference Entity Terms" is specified as applicable in the Final Terms and the relevant Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Further Subordinated Obligation.

"**Exercise Cut-off Date**" means either:

(a) with respect to an M(M)R Restructuring and any Note to which paragraph (a) of the definition of Credit Event Determination Date above applies:

(i) if the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is five Relevant City Business Days following the date on which such Final List is published; or

(ii) otherwise, the date that is 14 calendar days following the relevant No Auction Announcement Date; or

(b) with respect to a Credit Event where paragraph (a) of the definition of Credit Event Determination Date does not apply, the relevant Non-Standard Exercise Cut-off Date,

or, in each case, such other date as the relevant Credit Derivatives Determinations Committee Resolves.

"**Exhaustion Point**" means the percentage specified as such in the Final Terms;

"**Extension Date**" means the latest of:

(a) the Credit Observation End Date (for the purposes of this definition of Extension Date, the "**Scheduled Termination Date**");

(b) the Grace Period Extension Date if (i) "Failure to Pay" and "Grace Period Extension" are specified as applying in the Final Terms, and (ii) the Potential Failure to Pay with respect to the relevant Failure to Pay occurs on or prior to the Credit Observation End Date; and

(c) the Repudiation/Moratorium Evaluation Date (if any) if "Repudiation/Moratorium" is specified as applicable in the Final Terms, as applicable.

"**Failure to Pay**" means after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure provided that, if an occurrence that would constitute a Failure to Pay (a) is a result of a redenomination that occurs as a result of action taken by a Governmental Authority which is of general application in the jurisdiction of such Governmental Authority and (b) a freely available market rate of conversion existed at the time of the redenomination, then such

occurrence will be deemed not to constitute a Failure to Pay unless the redenomination itself constituted a reduction in the rate or amount of interest, principal or premium payable (as determined by reference to such freely available market rate of conversion) at the time of such redenomination.

"**Fallback Settlement Method**" means, with respect to any Credit Linked Notes for which Auction Settlement is specified as the applicable Settlement Method in the Final Terms, the fallback settlement method specified in the Final Terms.

"**Final List**" has the meaning given in the DC Rules.

"**Final Price**" means the price of the relevant Valuation Obligation(s), as the case may be, expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount, as applicable, determined in accordance with the Valuation Method specified in the Final Terms or, where applicable, Credit Linked Condition 10. 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 Principal Paying Agent (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.

"**First-to-Default Credit Linked Notes**" means Credit Linked Notes indicated as such in the Final Terms where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities, as specified in the Final Terms.

"**Fixed Cap**" means, with respect to a Guarantee, a specified numerical limit or cap on the liability of the Reference Entity in respect of some or all payments due under the Underlying Obligation, provided that a Fixed Cap shall exclude a limit or cap determined by reference to a formula with one or more variable inputs (and for these purposes, the outstanding principal or other amounts payable pursuant to the Underlying Obligation shall not be considered to be variable inputs).

"**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 Valuation Obligation with an Outstanding Principal Balance or Due and Payable Amount equal to the Quotation Amount.

"**Fully Transferable Obligation**" means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required in the case of any Deliverable Obligation other than Bonds, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements. 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".

"**Further Subordinated Obligation**" means, in respect of a Reference Entity, if the relevant Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, any obligation which is Subordinated thereto.

"**Governmental Authority**" means:

(a) any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof);

(b) any court, tribunal, administrative or other governmental, inter-governmental or supranational body;

(c) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including a central bank) of the Reference Entity or some or all of its obligations; or

(d) any other authority which is analogous to any of the entities specified in paragraphs (a) to (c) above.

"**Governmental Intervention**" means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs as a result of action taken or an announcement made by a Governmental Authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulation), in each case, applicable to the Reference Entity in a form which is binding, irrespective of whether such event is expressly provided for under the terms of such Obligation:

(a) any event which would affect creditors' rights so as to cause:

(i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);

(ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);

(iii) a postponement or other deferral of a date or dates for either (I) the payment or accrual of interest, or (II) the payment of principal or premium; or

(iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation;

(b) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Obligation;

(c) a mandatory cancellation, conversion or exchange; or

(d) any event which has an analogous effect to any of the events specified in paragraphs (a) to (c).

For purposes of this definition of Governmental Intervention, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee.

"**Grace Period**" means:

(a) subject to paragraphs (b) and (c) below, the applicable grace period with respect to payments under and in accordance with the terms of the relevant 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 Final Terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date or relevant Interest Payment Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Date or relevant Interest Payment Date, the Grace Period will be deemed to be the lesser of such grace period and the period specified as such in the Final Terms or, if no period is specified in the Final Terms, thirty (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 Final Terms, such deemed Grace Period shall expire no later than the Scheduled Maturity Date or relevant Interest Payment 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 (a) if the Obligation Currency is the euro, a day on which the TARGET2 System is open, or (b) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the Obligation Currency.

"**Grace Period Extension Date**" means, if:

(a) "Grace Period Extension" is specified as applying in the Final Terms; and

(b) a Potential Failure to Pay occurs on or prior to the Credit Observation End Date or relevant Interest Payment Date,

the date falling the number of days in the Grace Period after the date of such Potential Failure to Pay. If "Grace Period Extension" is not specified as applicable in the Final Terms, Grace Period Extension shall not apply.

"**Guarantee**" means a Relevant Guarantee or a guarantee which is the Reference Obligation.

"**Hedging Arrangements**" means any transaction(s), asset(s) or trading position(s) the Issuer and/or any of its Affiliates or agents may enter into or hold from time to time (including, if applicable, on a portfolio basis) to hedge directly or indirectly and whether in whole or in part the credit or other price risk of the Issuer issuing and performing its obligations with respect to the Credit Linked Notes.

"**Hedge Disruption Event**" means in the opinion of the Calculation Agent any event (including, without limitation, any delay in settlement of any Auction) as a result of which the Issuer and/or any of its Affiliates (a) has not received the relevant Deliverable Obligations under the terms of the Issuer's Hedging Arrangements (if any) and/or (b) cannot maintain, adjust, enter into or exercise rights under its Hedging Arrangements in each case in such a manner as is necessary to meet its obligations in full as these fall due solely with amounts or assets which it is entitled to receive under the Hedging Arrangements on the relevant due date(s) therefor.

"**Hedge Disruption Obligation**" means a Deliverable Obligation included in the Entitlement which, on the Credit Settlement Date for such Deliverable Obligation, the Calculation Agent determines cannot be Delivered as a result of a Hedge Disruption Event.

"**Index Credit Linked Notes**" means Credit Linked Notes indicated as such in the Final Terms and comprising either Non-Tranched Index Credit Linked Notes or Tranched Index Credit Linked Notes, as specified in the Final Terms.

"**Index Annex**" means:

(a) in the case of iTraxx Index Credit Linked Notes, the list for the relevant Index with the relevant Annex Date, as published by the Index Publisher (which can be accessed at http://www.markit.com or any successor website thereto). The Index Annex will be deemed amended from time to time to reflect any modifications resulting from the application of the definitions of Reference Entity, Reference Obligation, Standard Reference Obligation and/or Substitute Reference Obligation; or

(b) in the case of CDX Index Credit Linked Notes, the list for the relevant Index with the Annex Date, as published by the Index Publisher (which can be accessed at http://www.markit.com or any successor website thereto). In the event of any inconsistency between the terms of the Index Annex and the terms of the corresponding Index published by the Index Sponsor, the terms of the Index Annex shall prevail.

"**Index Publisher**" means Markit Group Limited, or any replacement therefor appointed by the Index Sponsor for purposes of officially publishing the relevant Index.

"**Index Roll Effective Date**" means:

(a) in the case of iTraxx Index Credit Linked Notes, the Roll Date in respect of the Index as specified and defined in the Index Annex; or

(b) in the case of CDX Index Credit Linked Notes, the Effective Date in respect of the Index as specified and defined in the Index Annex.

"**Index Sponsor**" means:

(a) in the case of iTraxx Index Credit Linked Notes, Markit Indices Limited or any successor sponsor of the Index; or

(b) in the case of CDX Index Credit Linked Notes, Markit North America, Inc. or any successor sponsor of the Index.

"**ISDA**" means the International Swaps and Derivatives Association, Inc.

"**iTraxx Index Credit Linked Notes**" means Notes which are either iTraxx Non-Tranched Index Credit Linked Notes or iTraxx Tranched Index Credit Linked Notes.

"**iTraxx Non-Tranched Index Credit Linked Notes**" means Index Credit Linked Notes indicated as such in the Final Terms, where the Issuer purchases credit protection from Noteholders in respect of the Index.

"**iTraxx Tranched Index Credit Linked Notes**" means Tranched Index Credit Linked Notes indicated as such in the Final Terms, where the Issuer purchases credit protection from Noteholders in respect of a particular tranche of the Index.

"**Largest Asset Package**" means, in respect of a Prior Deliverable Obligation or a Package Observable Bond, as the case may be, the package of Assets for which the greatest amount of principal has been or will be exchanged or converted (including by way of amendment), as determined by the Calculation Agent by reference to Eligible Information. If this cannot be determined, the Largest Asset Package will be the package of Assets with the highest immediately realizable value, determined by the Calculation Agent in accordance with the methodology, if any, determined by the relevant Credit Derivatives Determinations Committee.

"**Latest Maturity Restructured Bond or Loan**" has the meaning given to that term in the definition of "Restructuring Maturity Limitation Date".

"**Limitation Date**" means the first of 20 March, 20 June, 20 September or 20 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, 7.5 years, 10 years (the "10-year Limitation Date"), 12.5 years, 15 years, or 20 years, as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention.

"**Linear Basket Credit Linked Notes**" means Non-Tranched Linear Basket Credit Linked Notes or Tranched Linear Basket Credit Linked Notes, as specified in the Final Terms.

"**M(M)R Restructuring**" means a Restructuring Credit Event in respect of which either Mod R or Mod Mod R is specified as applicable in the Final Terms.

"**Market Value**" means, with respect to the Valuation 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 the Calculation Agent shall determine 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 Valuation 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 Maturity Date either (A) the Issuer, the Guarantor or a Reference Entity (any such entity, the "Mergor") consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to (i) where the Mergor is the Issuer or the Guarantor, a Reference Entity or (ii) where the Mergor is a Reference Entity, the Issuer or the Guarantor, or (B) (i) either of the Issuer or the Guarantor and (ii) a Reference Entity become Affiliates.

"**Minimum Quotation Amount**" means the amount specified as such in the Final Terms (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) US$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 or 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 Credit Observation End Date.

Subject to the foregoing, if the Credit Observation End Date is later than the 10 year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Credit Observation End Date.

In connection with the above, the final maturity date shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the final maturity date shall be deemed to be the date on which such determination is made.

"**Movement Option**" means, with respect to an M(M)R Restructuring for which a No Auction Announcement Date has occurred pursuant to paragraph (b) or (c)(ii) of the definition of No Auction Announcement Date, the option of the Issuer to apply to the Credit Linked Notes, for purposes of settlement, the Parallel Auction Settlement Terms, if any, for purposes of which the Permissible Deliverable Obligations are more limited than the Deliverable Obligations that could apply in respect of the Reference Transaction (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 Credit Linked 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 General Condition 13.

"**Movement Option Cut-off Date**" means the date that is one Relevant City Business Day following the Exercise Cut-off Date, or such other date as the relevant Credit Derivatives Determinations Committee has Resolved.

"**Next Currency Fixing Time**" means 4:00 p.m. (London time) on London Business Days immediately following the date on which the Notice of Physical Settlement or relevant Physical Settlement Amendment Notice or relevant Partial Cash Settlement Notice, as applicable, is effective. For the purposes of determining the Next Currency Fixing Time, "London Business Day" means a day on which banks and foreign exchange markets are generally open to settle payments in London.

"**No Auction Announcement Date**" means, with respect to a Credit Event, the date on which the DC Secretary first publicly announces that:

(a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published;

(b) following the occurrence of an M(M)R Restructuring no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published; or

(c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by the DC Secretary to the contrary, in circumstances where either:

(i) no Parallel Auction will be held; or

(ii) one or more Parallel Auctions will be held.

"**Non-Conforming Reference Obligation**" means a Reference Obligation which is not a Conforming Reference Obligation.

"**Non-Conforming Substitute Reference Obligation**" means an obligation which would be a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above on the Substitution Date but for one or more of the same reasons which resulted in the Reference Obligation constituting a Non-Conforming Reference Obligation on the date it was issued or incurred and/or immediately prior to the Substitution Event Date (as applicable).

"**Non-Financial Instrument**" means any Asset which is not of the type typically traded in, or suitable for being traded in, financial markets.

"**Non-Standard Credit Event Determination Date**" means with respect to a Credit Event:

(a) subject to paragraph (b) of this definition, the Notice Delivery Date, if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, provided that neither (i) a DC Credit Event Announcement has occurred nor (ii) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or

(b) notwithstanding paragraph (a) of this definition, if a DC Credit Event Announcement has occurred and the Credit Event Resolution Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) either:

(i) the Credit Event Resolution Request Date, if either:

(i) (1) "Auction Settlement" is not the applicable Settlement Method;

(2) the relevant Credit Event is not an M(M)R Restructuring; and

(3) the Trade Date occurs on or prior to the date of the DC Credit Event Announcement; or

(ii) (1) the relevant Credit Event is an M(M)R Restructuring; and

(2) a Credit Event Notice is delivered and is effective on or prior to the Non-Standard Exercise Cut-off Date, or

(ii) the first date on which a Credit Event Notice is delivered and is effective during either the Notice Delivery Period or the period from and including the date of the DC Credit Event Announcement to and including the date that is fourteen calendar days thereafter (provided, in each case, that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)), if either:

(i) (1) "Auction Settlement" is not the applicable Settlement Method;

(2) the relevant Credit Event is not an M(M)R Restructuring; and

(3) the Trade Date occurs following the date of the related DC Credit Event Announcement and on or prior to a DC Announcement Coverage Cut-off Date; or

(ii) the Calculation Agent determines this is otherwise consistent with the Issuer's Hedging Arrangements,

provided that no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date or the Calculation Agent determines this is otherwise consistent with the Issuer's Hedging Arrangements.

"**Non-Standard Exercise Cut-off Date**" means, with respect to a Credit Event to which paragraph (a) of the definition of Credit Event Determination Date does not apply:

(a) if such Credit Event is not an M(M)R Restructuring, either:

(i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;

(ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or

(iii) the date that is fourteen calendar days following the No Auction Announcement Date, if any, as applicable; or

(b) if such Credit Event is an M(M)R Restructuring and:

(i) the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is five Relevant City Business Days following the date on which such Final List is published; or

(ii) otherwise, the date that is fourteen calendar days following the relevant No Auction Announcement Date.

"**Non-Standard Reference Obligation**" means, in respect of the Reference Entity, the Original Non-Standard Reference Obligation or if a Substitute Reference Obligation has been determined, the Substitute Reference Obligation.

"**Non-Tranched Index Credit Linked Notes**" means either iTraxx Non-Tranched Index Credit Linked Notes or CDX Non-Tranched Index Credit Linked Notes, as specified in the Final Terms.

"**Non-Transferable Instrument**" means any Asset which is not capable of being transferred to institutional investors, excluding due to market conditions.

"**Notice Delivery Date**" means the first date on which both an effective Credit Event Notice and, unless "Notice of Publicly Available Information" is specified as not applicable in the Final Terms, an effective Notice of Publicly Available Information, have been delivered by the Calculation Agent.

"**Notice Delivery Period**" means the period from and including the Trade Date to and including the date that is fourteen (14) calendar days after the Extension Date.

"**Notice of Physical Settlement**" has the meaning given to that term in Credit Linked Condition 4.

"**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. 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 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 Credit Linked Condition 17.

"**Notice to Exercise Movement Option**" means, with respect to Notes for which (a) M(M)R Restructuring is applicable 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.

"**Nth-to-Default Credit Linked Notes**" means Credit Linked Notes indicated as such in the Final Terms where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities, as specified in the Final Terms.

"**Obligation**" means:

(a) any obligation of the Reference Entity (either directly or as a provider of a Relevant Guarantee) determined pursuant to the method described in "Method for Determining Obligations" below); and

(b) the Reference Obligation,

in each case unless it is an Excluded Obligation.

"Method for Determining Obligations". For the purposes of paragraph (a) of this definition of "**Obligation**", the term "Obligation" may be defined as the obligation of each Reference Entity described by the Obligation Category specified in the Final Terms, and having each of the Obligation Characteristics (if any) specified in the Final Terms, in each case, immediately prior to the Credit Event which is the subject of either the Credit Event Notice or the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:

(i) "**Obligation Category**" means Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the Final Terms, where:

(i) "**Payment**" means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;

(c) "**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);

(d) "**Reference Obligation Only**" means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligation Only;

(e) "**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;

(f) "**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

(g) "**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 Final Terms, where:

(i) "**Not Subordinated**" means an obligation that is not Subordinated to (1) the Reference Obligation or, (2) the Prior Reference Obligation, if applicable;

(h) "**Subordination**" means, with respect to an obligation (the "**Second Obligation**") and another obligation of the Reference Entity to which such obligation is being compared (the "**First Obligation**"), a contractual, trust or other similar arrangement providing that (I) upon the liquidation, dissolution, reorganisation or winding-up of the Reference Entity, claims of the holders of the First Obligation are required to be satisfied prior to the claims of the holders of the Second Obligation or (II) the holders of the Second Obligation will not be entitled to receive or retain principal payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the First Obligation. "**Subordinated**" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, (x) the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement or security arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign and (y) in the case of the Reference Obligation or the Prior Reference Obligation, as applicable, the

ranking in priority of payment shall be determined as of the date as of which it was issued or incurred (or in circumstances where the Reference Obligation or a Prior Reference Obligation is the Standard Reference Obligation and "Standard Reference Obligation" is applicable, then the priority of payment of the Reference Obligation or the Prior Reference Obligation, as applicable, shall be determined as of the date of selection) and, in each case, shall not reflect any change to such ranking in priority of payment after such date; and

(i) "**Prior Reference Obligation**" means, in circumstances where there is no Reference Obligation applicable to the relevant Notes, (I) the Reference Obligation most recently applicable thereto, if any, and otherwise, (II) the obligation specified in the Final Terms as the Reference Obligation, if any, if such Reference Obligation was redeemed on or prior to the Trade Date and otherwise, (III) any unsubordinated Borrowed Money obligation of the Reference Entity;

(j) "**Specified Currency**" means an obligation that is payable in the currency or currencies specified as such in the Final Terms (or, if Specified Currency is specified in the Final Terms and no currency is so specified, any Standard Specified Currency) provided that if the euro is a Specified Currency, "Specified Currency" shall also include an obligation that was previously payable in the euro, regardless of any redenomination thereafter if such redenomination occurred as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority;

(k) "**Not Sovereign Lender**" means any obligation that is not primarily owed to (A) a Sovereign or (B) any entity or organisation established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development, which shall include, without limitation, obligations generally referred to as "Paris Club debt";

(l) "**Not Domestic Currency**" means any obligation that is payable in any currency other than applicable Domestic Currency provided that a Standard Specified Currency shall not constitute the Domestic Currency;

(m) "**Not Domestic Law**" means any obligation that is not governed by applicable Domestic Law, provided that the laws of England and the laws of the State of New York shall not constitute a Domestic Law;

(n) "**Listed**" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and

(o) "**Not Domestic Issuance**" means any obligation other than an obligation that was issued (or reissued, as the case may be) or intended to be offered for sale primarily in the domestic market of the Reference Entity. Any obligation that is registered or, as a result of some other action having been taken for such purpose, is qualified for sale outside the domestic market of the Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the Reference Entity) shall be deemed not to be issued (or reissued, as the case may be), or intended to be offered for sale primarily in the domestic market of the Reference Entity.

"**Obligation Acceleration**" means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event or default or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

"**Obligation Currency**" means the currency or currencies in which 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 the Reference Entity under one or more Obligations.

"**Original Non-Standard Reference Obligation**" means the obligation of the Reference Entity (either directly or as provider of a guarantee) which is specified as the Reference Obligation in respect of such Reference Entity in the Final Terms (if any is so specified) provided that if an obligation is not an obligation of the Reference Entity, such obligation will not constitute a valid Original Non-Standard Reference Obligation for purposes of the relevant Notes (other than for the purposes of determining the Seniority Level and for the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) unless the relevant Notes are Reference Obligation Only Notes.

"**Outstanding Amount**" has the meaning given to that term in Credit Linked Condition 4.

"**Outstanding Principal Balance**" means the outstanding principal balance of an obligation which will be calculated as follows:

(a) first, by determining, in respect of the obligation, the amount of the Reference Entity's principal payment obligations and, where applicable in accordance with the definition of Accrued Interest above, the Reference Entity's accrued but unpaid interest payment obligations (which, in the case of a Guarantee will be the lower of (i) the Outstanding Principal Balance (including accrued but unpaid interest, where applicable) of the Underlying Obligation (determined as if references to the Reference Entity were references to the Underlying Obligor) and (ii) the amount of the Fixed Cap, if any);

(b) second, by subtracting all or any portion of such amount which, pursuant to the terms of the obligation, (i) is subject to any Prohibited Action, or (ii) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (A) payment or (B) a Permitted Contingency) (the amount determined in accordance with paragraph (a) above less any amounts subtracted in accordance with this paragraph (b), the "**Non-Contingent Amount**"); and

(c) third, by determining the Quantum of the Claim, which shall then constitute the Outstanding Principal Balance,

in each case, determined:

(i) unless otherwise specified, in accordance with the terms of the obligation in effect on either (A) the relevant PSN Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date), or (B) the relevant Valuation Date; and

(ii) with respect to the Quantum of the Claim only, in accordance with any applicable laws (insofar as such laws reduce or discount the size of the claim to reflect the original issue price or accrued value of the obligation).

"**Package Observable Bond**" means, in respect of a Reference Entity which is a Sovereign, any obligation (a) which is identified as such and published by ISDA on its website at www.isda.org from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time and (b) which fell within paragraphs (a) or (b) of the definition of Deliverable Obligation (above), in each case, immediately preceding the date on which the relevant Asset Package Credit Event was legally effective.

"**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 Settlement Terms**" means, following the occurrence of an M(M)R Restructuring, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such M(M)R Restructuring, 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 provided that if no such Credit Derivatives Auction Settlement Terms are published, the Calculation Agent may select in its sole discretion the applicable Credit Derivatives Auction Settlement Terms.

"**Parallel Notice of Physical Settlement Date**" means "Notice of Physical Settlement Date" as defined in the relevant Parallel Auction Settlement Terms.

"**Payment Requirement**" means the amount specified as such in the Final Terms or its equivalent in the relevant Obligation Currency or, if no such amount is specified in the Final Terms, US$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 Contingency**" means, with respect to an obligation, any reduction to the Reference Entity's payment obligations:

(a) as a result of the application of:

(i) any provisions allowing a transfer, pursuant to which another party may assume all of the payment obligations of the Reference Entity;

(ii) provisions implementing the Subordination of the obligation;

(iii) provisions allowing for a Permitted Transfer in the case of a Qualifying Guarantee (or provisions allowing for the release of the Reference Entity from its payment obligations in the case of any other Guarantee);

(iv) if "Subordinated European Insurance Terms" are specified as applicable in the Final Terms, any Solvency Capital Provisions; or

(v) if "Financial Reference Entity Terms" are specified as applicable in the Final Terms, provisions which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention; or

(b) which is within the control of the holders of the obligation or a third party acting on their behalf (such as an agent or trustee) in exercising their rights under or in respect of such obligation.

"**Permitted Transfer**" means, with respect to a Qualifying Guarantee, a transfer to and the assumption by any single transferee of such Qualifying Guarantee (including by way of cancellation and execution of a new guarantee) on the same or substantially the same terms, in circumstances where there is also a transfer of all (or substantially all) of the assets of the Reference Entity to the same single transferee.

"**Physical Settlement Amendment Notice**" has the meaning given to that term in Credit Linked Condition 4.

"**Physical Settlement Matrix**" means the physical settlement matrix (if any) which applies to the Credit Linked Notes in accordance with Credit Linked Condition 20.

"**Physical Settlement Period**" means, subject to Credit Linked Condition 11, the number of Business Days specified as such in the Final Terms or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation comprising the Entitlement, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent provided that if the Issuer has notified the Holders in accordance with Credit Linked Condition 4 that it will Deliver an Asset Package in lieu of a Prior Deliverable Obligation or a Package Observable Bond, the Physical Settlement Period shall be 35 Business Days.

"**Post Dismissal Additional Period**" means the period from and including the date of the DC Credit Event Question Dismissal 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)).

"**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 the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations.

"**Potential Repudiation/Moratorium**" means the occurrence of an event described in paragraph (a) of the definition of Repudiation/Moratorium.

"**Prior Deliverable Obligation**" means:

(a) if a Governmental Intervention has occurred (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), any obligation of the Reference Entity which (i) existed immediately prior to such Governmental Intervention, (ii) was the subject of such Governmental Intervention and (iii) fell within paragraphs (a) or (b) of the definition of Deliverable Obligation above, in each case, immediately preceding the date on which such Governmental Intervention was legally effective; or

(b) if a Restructuring which does not constitute a Governmental Intervention has occurred in respect of the Reference Obligation (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), such Reference Obligation, if any.

"**Prohibited Action**" means any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in (a) to (d) of the definition of Credit Event above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor.

"**Private-side Loan**" means a Loan in respect of which the documentation governing its terms is not publicly available or capable of being made public without violating a law, agreement, understanding or other restriction regarding the confidentiality of such information.

"**PSN Cut-off Date**" means subject, where applicable, to Credit Linked Condition 13:

(a) subject to paragraph (b) below, the later of:

(i) the thirtieth calendar day after the Credit Event Determination Date; and

(ii) the tenth calendar day after either the date of the relevant DC Credit Event Announcement or of the relevant DC Credit Event Question Dismissal, if any (or, if the relevant Credit Event is an M(M)R Restructuring, the tenth calendar day after the Non-Standard Exercise Cut-off Date); or

(b) if, in accordance with the terms of Credit Linked Condition 2 above, Credit Linked Condition 4 applies as a result of the occurrence of (a) an Auction Cancellation Date or (b) a No Auction Announcement Date and:

(i) the relevant Credit Event is not an M(M)R Restructuring, the later of:

(i) the date determined pursuant to paragraph (a)(i) above; and

(ii) the thirtieth calendar day after the Auction Cancellation Date or the No Auction Announcement Date, occurring pursuant to paragraphs (a) or (c)(i) of the definition of No Auction Announcement Date above, as applicable; or

(ii) the relevant Credit Event is an M(M)R Restructuring either:

(i) the later of:

(1) the date determined pursuant to paragraph a(i) above; and

(2) the thirtieth calendar day after:

(x) a No Auction Announcement Date occurring pursuant to paragraph (a) of the definition of No Auction Announcement Date above, if any;

(x) a No Auction Announcement Date occurring pursuant to paragraph (c)(i) of the definition of No Auction Announcement Date above, if any; or

(y) the Auction Cancellation Date, if any, as applicable; or

(ii) the later of the Parallel Notice of Physical Settlement Date (or, if more than one Parallel Notice of Physical Settlement Date should occur, the last Parallel Notice of Physical Settlement Date), and the Relevant City Business Day immediately following the Parallel Auction Cancellation Date, if any (or, if more than one should occur, the last Parallel Auction Cancellation Date), as applicable, in circumstances where either:

(1) a No Auction Announcement Date occurs pursuant to paragraph (a) of the definition of No Auction Announcement Date above and the Issuer has not exercised the Movement Option; or

(2) a No Auction Announcement Date occurs pursuant to paragraph (c)(ii) of the definition of No Auction Announcement Date above and the Issuer has not exercised the Movement Option,

provided that in the case of paragraphs a(ii) and (b) above, the relevant Credit Event Resolution Request Date, if any, occurred on or prior to the date described in paragraph a(i) above.

"**PSN Effective Date**" means the date on which an effective Calculation Agent Physical Settlement Notice or Calculation Agent Physical Settlement Amendment Notice, as the case may be, is delivered to the Issuer.

"**Public Source**" means each source of Publicly Available Information specified as such in the Final Terms (or if no such source is specified in the Final Terms, each of Bloomberg, Reuters, Dow Jones Newswires, The Wall Street

Journal, The New York Times, Nihon Keizai Shimbun, Asahi Shimbun, Yomiuri Shimbun, Financial Times, La Tribune, Les Echos, The Australian Financial Review and Debtwire (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

"**Publicly Available Information**" means information that reasonably confirms any of the facts relevant to the determination that the Credit Event or a Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice have occurred and which:

(a) has been published in or on not less than the Specified Number of Public Sources (regardless of whether the reader or user thereof pays a fee to obtain such information);

(b) is information received from or published by (i) the Reference Entity (or, if the Reference Entity is a Sovereign, any agency, instrumentality, ministry, department or other authority thereof acting in a governmental capacity (including, without limiting the foregoing, the central bank) of such Sovereign) or (ii) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or

(c) is information contained in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body;

provided that where any information of the type described in paragraphs (b) or (c) above is not publicly available, it can only constitute Publicly Available Information if it can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

In relation to any information of the type described in paragraphs (b) or (c) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information and that the 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.

(i) Without limitation, Publicly Available Information need not state:

(i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned by the Reference Entity; and

(ii) that the relevant occurrence:

(i) has met the Payment Requirement or Default Requirement;

(ii) is the result of exceeding any applicable Grace Period; or

(iii) has met the subjective criteria specified in certain Credit Events.

In relation to a Repudiation/Moratorium Credit Event, Publicly Available Information must relate to the events described in paragraphs (a) and (b) of the definition of Repudiation/Moratorium below.

"**Qualifying Affiliate Guarantee**" means a Qualifying Guarantee provided by the Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of the Reference Entity.

"**Qualifying Guarantee**" means a guarantee evidenced by a written instrument (which may include a statute or regulation), pursuant to which the Reference Entity irrevocably agrees, undertakes or is otherwise obliged to pay all amounts of principal and interest (except for amounts which are not covered due to the existence of a Fixed Cap) due under an Underlying Obligation for which the Underlying Obligor is the obligor, by guarantee of payment and not by guarantee of collection (or, in either case, any legal arrangement which is equivalent thereto in form under the relevant governing law).

A Qualifying Guarantee shall not include any guarantee:

(a) which is structured as a surety bond, financial guarantee insurance policy or letter of credit (or any legal arrangement which is equivalent thereto in form); or

(b) pursuant to the terms applicable thereto, the principal payment obligations of the Reference Entity can be discharged, released, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance, in each case, other than:

(i) by payment;

(ii) by way of Permitted Transfer;

(iii) by operation of law;

(iv) due to the existence of a Fixed Cap; or

(v) due to:

(i) provisions permitting or anticipating a Governmental Intervention, if "Financial Reference Entity Terms" is specified as applicable in the Final Terms; or

(ii) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as applicable in the Final Terms.

If the guarantee or Underlying Obligation contains provisions relating to the discharge, release, reduction, assignment or other alteration of the principal payment obligations of the Reference Entity and such provisions have ceased to apply or are suspended at the time of the relevant determination, in accordance with the terms of such guarantee or Underlying Obligation, due to or following the occurrence of (I) a non-payment in respect of the guarantee or the Underlying Obligation, or (II) an event of the type described in the definition of Bankruptcy above in respect of the Reference Entity or the Underlying Obligor, then it shall be deemed for these purposes that such cessation or suspension is permanent, notwithstanding the terms of the guarantee or Underlying Obligation.

In order for a guarantee to constitute a Qualifying Guarantee:

(1) the benefit of such guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation; and

(2) if a guarantee contains a Fixed Cap, all claims to any amounts which are subject to such Fixed Cap must be capable of being Delivered together with the Delivery of such guarantee.

"**Qualifying Participation Seller**" means any participation seller that meets the requirements specified in the Final Terms. If no such requirements are specified, there shall be no Qualifying Participation Seller.

"**Quantum of the Claim**" means the lowest amount of the claim which could be validly asserted against the Reference Entity in respect of the Non-Contingent Amount if the obligation had become redeemable, been accelerated, terminated or had otherwise become due and payable at the time of the relevant determination, provided that the Quantum of the Claim cannot exceed the Non-Contingent Amount.

"**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:

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 Valuation 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.

"**Quotation Amount**" means the amount specified as such in the 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 Final Terms, the Reference Entity Notional 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 Final Terms. If no Quotation Dealers are specified in the 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 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 Final Terms, Bid shall apply.

"**Reference Entity**" means:

(a) the entity specified as such in the Final Terms and any Successor to the Reference Entity either (i) identified pursuant to the definition of "Successor" on or following the Trade Date or (ii) identified pursuant to a DC Resolution in respect of a Successor Resolution Request Date and publicly announced by the DC Secretary on or following the Trade Date shall, in each case, with effect from the Succession Date, be the Reference Entity for the purposes of the relevant Series; or

(b) in the case of iTraxx Index Credit Linked Notes, each relevant Reference Entity specified as such in the Credit Index and listed in the Index Annex, and any Successor to a Reference Entity either (i) in respect of which ISDA publicly announces on or following the earlier of the Index Roll Effective Date and the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Successor Resolution Request Date, a Successor in accordance with the DC Rules or (ii) in the event that ISDA does not make such an announcement, identified by the Index Sponsor on or following the earlier of the Index Roll Effective Date and the Trade Date; or

(c) in the case of CDX Index Credit Linked Notes, subject as provided in paragraph (b) of the definition of "Index Annex", each relevant Reference Entity specified as such in the Credit Index and listed in the Index Annex, and any Successor to a Reference Entity either (i) in respect of which ISDA publicly announces on or following the earlier of the Index Roll Effective Date and the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Successor Resolution Request Date, a Successor in accordance with the DC Rules or (ii) in the event that ISDA does not make such an announcement, identified by the Index Sponsor on or following the earlier of the Index Roll Effective Date and the Trade Date.

"**Reference Entity Notional Amount**" in respect of a Reference Entity, means:

(a) save for Non-Tranched Index Credit Linked Notes and Non-Tranched Linear Basket Credit Linked Notes, the product of (i) the amount specified as the Reference Entity Notional Amount in the Final Terms (or, if no such amount is so specified, the Aggregate Nominal Amount of the Notes as of the Issue Date), subject to adjustment as provided in "Successor" and these Credit Linked Conditions and (ii) the Credit Multiplier (if any); or

(b) in the case of Non-Tranched Linear Basket Credit Linked Notes, the amount specified as the Reference Entity Notional Amount in the Final Terms or, if no such amount is so specified, the product of (i) the Aggregate Nominal Amount of the Notes as of the Issue Date divided by the number of Reference Entities subject to adjustment as provided in "Successor" and these Credit Linked Conditions and (ii) the Credit Multiplier (if any); or

(c) in the case of Non-Tranched Index Credit Linked Notes, an amount equal to the amount specified as the Reference Entity Notional Amount in the Final Terms or, if no such amount is so specified, the product of (i) the Aggregate Nominal Amount of the Notes as of the Issue Date and the Credit Multiplier (if any) multiplied by (ii) the Reference Entity Weighting for such Reference Entity multiplied by (iii) one divided by the aggregate of the Reference Entity Weightings for all Reference Entities, subject to the provisions of the definition of "Successor".

For the avoidance of doubt, the Reference Entity Notional Amount is not relevant for Tranched Linear Basket Credit Linked Notes or for Tranched Index Credit Linked Notes.

"**Reference Entity Weighting**" means, unless otherwise specified in the Final Terms, the percentage specified under "Weighting" opposite the relevant Reference Entity in the Index Annex.

"**Reference Obligation**" means the Standard Reference Obligation, if any, unless:

(a) "Standard Reference Obligation" is specified as not applicable in the Final Terms, in which case the Reference Obligation will be the Non-Standard Reference Obligation, if any; or

(b) (i) "Standard Reference Obligation" is specified as applicable in the Final Terms (or no election is specified in the Final Terms), (ii) there is no Standard Reference Obligation and (iii) a Non-Standard Reference Obligation is specified in the Final Terms, in which case the Reference Obligation will be (A) the Non-Standard Reference Obligation to but excluding the first date of publication of the Standard Reference Obligation and (B) the Standard Reference Obligation from such date onwards, provided that the Standard Reference Obligation that is published would have been eligible to be selected as a Substitute Reference Obligation.

If "Standard Reference Obligation" is specified as applicable in the Final Terms (or no election is specified in the Final Terms), the Reference Obligation is the Standard Reference Obligation and the Standard Reference Obligation is removed from the SRO List, such obligation shall cease to be the Reference Obligation and the Calculation Agent will select as a substitute Reference Obligation any Deliverable Obligation with the same level of seniority as the relevant Seniority Level, provided that, if there is no Deliverable Obligation with the same level of seniority as the relevant Seniority Level, the Calculation Agent may select any Deliverable Obligation as a substitute Reference Obligation.

In addition:

(i) the Calculation Agent may at any time (x) replace the Reference Obligation with any Deliverable Obligation with the same level of seniority as the relevant Seniority Level from time to time, provided that, if there is no Deliverable Obligation with the same level of seniority as the relevant Seniority Level, the Calculation Agent may select any Deliverable Obligation as a replacement Reference Obligation, or (y) where there is no Reference Obligation, select any Deliverable Obligation as the Reference Obligation; and

(ii) if "Standard Reference Obligation" is specified as applicable in the Final Terms (or no election is specified in the Final Terms) and a new obligation is placed on the SRO List in respect of the relevant Reference Entity, then the Calculation Agent may, but is not obliged to, select the new Standard Reference Obligation in respect of the Reference Entity as the Reference Obligation. The provisions of this definition may be applied by the Calculation Agent on more than one occasion and are without prejudice to the right of the Calculation Agent to determine a Substitute Reference Obligation.

Without prejudice to the paragraphs above:

(a) in the case of iTraxx Index Credit Linked Notes, the Reference Obligation will be the Reference Obligation (if any) specified as such opposite the relevant Reference Entity in the Index Annex, subject to the definition of "Substitute Reference Obligation" below and the following paragraph:

If there is no Standard Reference Obligation and the Index Sponsor publishes a replacement Reference Obligation for a Reference Entity, the Calculation Agent will select such Reference Obligation as the Reference Obligation hereunder for such Reference Entity rather than applying the provisions of the definition of "Substitute Reference Obligation" below; and

(b) in the case of CDX Index Credit Linked Notes, the Reference Obligation will be the Reference Obligation (if any) specified as such in the Index and specified opposite the Reference Entity in the Index Annex, subject as provided in paragraph (b) of the definition of "Index Annex" above and to the "Substitute Reference Obligation" provisions herein.

"**Reference Obligation Only Notes**" means any Notes in respect of which (a) "Reference Obligation Only" is specified as the Obligation Category and the Deliverable Obligation Category in the Final Terms and (b) "Standard Reference Obligation" is specified as not applicable in the Final Terms.

"**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 Credit Linked Notes (if such Deliverable Obligation Terms and Reference Obligation are specified in the 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 Credit Observation End Date of the Credit Linked 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 Credit Linked Notes.

"**Relevant City Business Day**" has the meaning given in the DC Rules.

"**Relevant Guarantee**" means a Qualifying Affiliate Guarantee or, if "All Guarantees" is specified as applicable in the Final Terms, a Qualifying Guarantee.

"**Relevant Holder**" means a holder of the latest Prior Deliverable Obligation or Package Observable Bond, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, immediately prior to the relevant Asset Package Credit Event, equal to the Outstanding Amount specified in respect of such Prior Deliverable Obligation or Package Observable Bond in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable.

"**Relevant Obligations**" means the Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" and which are outstanding immediately prior to the Succession Date (or, if there is a Steps Plan, immediately prior to the legally effective date of the first succession), provided that:

(a) any Bonds or Loans outstanding between the Reference Entity and any of its Affiliates, or held by the Reference Entity, shall be excluded;

(b) if there is a Steps Plan, the Calculation Agent shall, for purposes of the determination required to be made under paragraph (a) of the definition of Successor below, make the appropriate adjustments required to take account of any Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" that are issued, incurred, redeemed, repurchased or cancelled from and including the legally effective date of the first succession to and including the Succession Date;

(c) if "Financial Reference Entity Terms" is specified as applicable in the Final Terms and (i) the Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (ii) there is no Reference Obligation or Prior Reference Obligation, the Relevant Obligations shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan"; and

(d) if "Financial Reference Entity Terms" is specified as applicable in the Final Terms, and the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, Relevant Obligations shall exclude Senior Obligations and any Further Subordinated Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan", provided that if no such Relevant Obligations exist, "Relevant Obligations" shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan".

"**Relevant Time**" means Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign Tokyo time).

"**Replaced Deliverable Obligation Outstanding Amount**" has the meaning given to that term in Credit Linked Condition 4.

"**Replacement Deliverable Obligation**" has the meaning given to that term in Credit Linked Condition 4.

"**Representative Amount**" means an amount that is representative for a single transaction in the relevant market and at the relevant time, which amount will be determined by the Calculation Agent.

"**Repudiation/Moratorium**" means the occurrence of both of the following events:

(a) an authorised officer of the Reference Entity or a Governmental Authority:

  (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or

  (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure*, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and

(b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation 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 Credit Observation End Date (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 sixty (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 sixty (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 Credit Observation End Date unless the Repudiation/Moratorium Extension Condition is satisfied.

"**Repudiation/Moratorium Extension Condition**" will be satisfied:

(a) if the DC Secretary publicly announces, pursuant to a valid request that was delivered and effectively received on or prior to the date that is fourteen (14) calendar days after the Credit Observation End Date that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the Reference Entity and that such event occurred on or prior to (i) the Credit Observation End Date or relevant Interest Payment Date (determined by reference to the Relevant Time) or, (ii) if Credit Linked Condition 9(y) applies, the Postponed Maturity 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, unless "Notice of Publicly Available Information" is specified as not applicable in the Final Terms, a Notice of Publicly Available Information that are each effective on or prior to the date that is fourteen (14) calendar days after the Credit Observation End Date.

In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or not capable of being satisfied, if, or to the extent that, the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium with respect to an Obligation of the Reference Entity, or (B) an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the Reference Entity but that such event occurred after the Credit Observation End Date (determined by reference to the Relevant Time).

"**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 prior to the Credit Observation End Date. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

"**Resolve**" has the meaning set out in the DC Rules, and "Resolved" and "Resolves" shall be construed 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**" 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 the 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 the Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation (including, in each case, in respect of Bonds only, by way of an exchange), and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Credit Event Backstop Date applicable to the relevant Credit Linked Notes and the date as of which such Obligation is issued or incurred:

(a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);

(b) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);

(c) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest, or (ii) the payment of principal or premium;

(d) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or

(e) any change in the currency of any payment of interest, principal or premium to any currency other than the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

(i) the payment in euro of interest, principal or premium in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;

(ii) the redenomination from euros into another currency, if (A) the redenomination occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority and (B) a freely available market rate of conversion between euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest, principal or premium payable, as determined by reference to such freely available market rate of conversion;

(iii) the occurrence of, agreement to or announcement of any of the events described in 13(a) to 13(e) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and

(iv) the occurrence of, agreement to or announcement of any of the events described in 13(a) to 13(e) 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, provided that in respect of paragraph (e) above only, no such deterioration in the creditworthiness or financial condition of the Reference Entity is required where the redenomination is from euros into another currency and occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.

For purposes of this definition of Restructuring and Credit Linked Condition 15, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee. In the case of a Guarantee and an Underlying Obligation, references to the Reference Entity in the definition of Restructuring and the definition of Subordination shall be deemed to refer to the Underlying Obligor and the references to the Reference Entity in paragraphs (i) to (iv) of this definition of Restructuring shall continue to be deemed to refer to the Reference Entity.

If an exchange has occurred, the determination as to whether one of the events described under paragraphs (a) to (e) above has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange.

"**Restructuring Date**" means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

"**Restructuring Maturity Limitation Date**" means with respect to a Deliverable Obligation or as applicable, Valuation Obligation, the Limitation Date occurring on or immediately following the Credit Observation End Date. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a "Latest Maturity Restructured Bond or Loan") and the Credit Observation End 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. For these purposes, the final maturity date shall be determined on the basis of the terms of the Deliverable Obligation, or as applicable, Valuation Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation, or as applicable, Valuation Obligation that is due and payable, the final maturity date shall be deemed to be the date on which such determination is made.

"**Revised Currency Rate**" means, with respect to a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, the rate of conversion between the currency in which the Replaced Deliverable Obligation Outstanding Amount is denominated and the currency in which the Outstanding Amount of such Replacement Deliverable Obligation is denominated that is determined either (a) by reference to the Currency Rate Source as at the Next Currency Fixing Time or (b) if such rate is not available at such time, by the Calculation Agent.

"**Scheduled Maturity Date**" has the meaning given to it in the Final Terms.

"**Seniority Level**" means, with respect to an obligation of the Reference Entity:

(a) "Senior Level" or "Subordinated Level" as specified in the Final Terms, or

(b) if no such seniority level is specified in the Final Terms, "Senior Level" if the Original Non-Standard Reference Obligation is a Senior Obligation or "Subordinated Level" if the Original Non-Standard Reference Obligation is a Subordinated Obligation, failing which,

(c) "Senior Level".

"**Senior Obligation**" means any obligation which is not Subordinated to any unsubordinated Borrowed Money obligation of the relevant Reference Entity.

"**Settlement Currency**" means the currency specified as such in the Final Terms, or if no currency is specified in the Final Terms, the Specified Notes Currency of the Credit Linked Notes.

"**Set/Zero Recovery Price**" means the percentage specified as such in the Final Terms.

"**Settlement Method**" means, if (a) Auction Settlement is specified as the applicable Settlement Method in the Final Terms, Auction Settlement or (b) Cash Settlement is specified as the applicable Settlement Method in the Final Terms, Cash Settlement, or (c) Physical Delivery is specified as the applicable Settlement Method in the Final Terms, Physical Delivery.

"**Single Reference Entity Credit Linked Notes**" means Credit Linked Notes indicated as such in the Final Terms, where the Issuer purchases credit protection from the Noteholders in respect of only one Reference Entity.

"**Solvency Capital Provisions**" means any terms in an obligation which permit the Reference Entity's payment obligations thereunder to be deferred, suspended, cancelled, converted, reduced or otherwise varied and which are necessary in order for the obligation to constitute capital resources of a particular tier.

"**Sovereign**" means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority acting in a governmental capacity (including without limiting the foregoing, the central bank) thereof.

"**Sovereign Restructured Deliverable Obligation**" means an Obligation of a Reference Entity which is a Sovereign (either directly or as provider of a Relevant Guarantee) (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice or DC Credit Event Announcement has occurred and (b) which fell within paragraph (a) of the definition of Deliverable Obligation above immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

"**Sovereign Succession Event**" means, with respect to a Reference Entity that is a Sovereign, an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or, other similar event.

"**Specified Number**" means the number of Public Source(s) specified in the Final Terms, or if no such number is specified in the Final Terms, two.

"**SRO List**" means the list of Standard Reference Obligations as published by ISDA on its website at www.isda.org from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time.

"**Standard Reference Obligation**" means the obligation of the Reference Entity with the relevant Seniority Level which is specified from time to time on the SRO List.

"**Standard Specified Currency**" means each of the lawful currencies of Canada, Japan, Switzerland, France, Germany, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

"**Steps Plan**" means a plan evidenced by Eligible Information contemplating that there will be a series of successions to some or all of the Relevant Obligations of the Reference Entity, by one or more entities.

"**Subordinated Obligation**" means any obligation which is Subordinated to any unsubordinated Borrowed Money obligation of the relevant Reference Entity or which would be so Subordinated if any unsubordinated Borrowed Money obligation of that Reference Entity existed.

"**Substitute Reference Obligation**" means, with respect to a Non-Standard Reference Obligation to which a Substitution Event has occurred, the obligation that will replace the Non-Standard Reference Obligation, determined by the Calculation Agent as follows:

(a) The Calculation Agent shall identify the Substitute Reference Obligation in accordance with paragraphs (c), (d) and (e) below to replace the Non-Standard Reference Obligation; provided that the Calculation Agent will

not identify an obligation as the Substitute Reference Obligation if, at the time of the determination, such obligation has already been rejected as the Substitute Reference Obligation by the relevant Credit Derivatives Determinations Committee and such obligation has not changed materially since the date of the relevant DC Resolution.

(b) If any of the events set forth under paragraphs (a) or (b)(ii) of the definition of Substitution Event have occurred with respect to the Non-Standard Reference Obligation, the Non-Standard Reference Obligation will cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic and paragraph (c)(ii)). If the event set forth in paragraph b(i) of the definition of Substitution Event below has occurred with respect to the Non-Standard Reference Obligation and no Substitute Reference Obligation is available, the Non-Standard Reference Obligation will continue to be the Reference Obligation until the Substitute Reference Obligation is identified or, if earlier, until any of the events set forth under paragraphs (a) or (b)(ii) of the definition of Substitution Event below occur with respect to such Non-Standard Reference Obligation **provided that**, in the absence of any notification to the contrary to the Holders by the Calculation Agent at any time on or prior to the date on which the Notes are due to be redeemed, the Substitute Reference Obligation which shall replace the Non-Standard Reference Obligation shall be deemed to be, on any date, the security which is identified by its ISIN under the column entitled "RED Ref. Ob." which corresponds to the name of the relevant Reference Entity under the column entitled "RED Legal Name" which is found on Bloomberg Page "REDL" (or any successor page or service thereto) on such date.

(c) The Substitute Reference Obligation shall be an obligation that on the Substitution Date:

(i) is a Borrowed Money obligation of the Reference Entity (either directly or as provider of a guarantee);

(ii) satisfies the Not Subordinated Deliverable Obligation Characteristic as of the date it was issued or incurred (without reflecting any change to the priority of payment after such date) and on the Substitution Date; and

(iii) (A) if the Non-Standard Reference Obligation was a Conforming Reference Obligation when issued or incurred and immediately prior to the Substitution Event Date:

(1) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or if no such obligation is available,

(2) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above;

(ii) if the Non-Standard Reference Obligation was a Bond (or any other Borrowed Money obligation other than a Loan) which was a Non-Conforming Reference Obligation when issued or incurred and/or immediately prior to the Substitution Event Date:

(1) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,

(2) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or if no such obligation is available,

(3) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,

(4) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or

(iii) if the Non-Standard Reference Obligation was a Loan which was a Non-Conforming Reference Obligation when incurred and/or immediately prior to the Substitution Event Date:

(1) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,

(2) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,

(3) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or if no such obligation is available,

(4) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above.

(d) If more than one potential Substitute Reference Obligation is identified pursuant to the process described in paragraph (c) above, the Substitute Reference Obligation will be the potential Substitute Reference Obligation that most closely preserves the economic equivalent of the delivery and payment obligations of the Issuer under the Notes as determined by the Calculation Agent. The Calculation Agent will notify the Holders in accordance with General Condition 13 of the Substitute Reference Obligation as soon as reasonably practicable after it has been identified in accordance with paragraph (c) above and the Substitute Reference Obligation shall replace the Non-Standard Reference Obligation.

(e) If a Substitution Event has occurred with respect to the Non-Standard Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for the Non-Standard Reference Obligation then, subject to paragraph (a) above and notwithstanding the fact that the Non-Standard Reference Obligation may have ceased to be the Reference Obligation in accordance with paragraph (b) above, the Calculation Agent shall continue to attempt to identify the Substitute Reference Obligation.

(f) For the avoidance of doubt, no Substitute Reference Obligation shall be determined in respect of any Credit Linked Notes that are Reference Obligation Only Notes.

"**Substitute Reference Obligation Resolution Request Date**" means, with respect to a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve a Substitute Reference Obligation to the Non-Standard Reference Obligation, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

"**Substitution Date**" means, with respect to a Substitute Reference Obligation, the date on which the Calculation Agent notifies the Issuer of the Substitute Reference Obligation that it has identified in accordance with the definition of Substitute Reference Obligation above.

"**Substitution Event**" means, with respect to the Non-Standard Reference Obligation:

(a) the Non-Standard Reference Obligation is redeemed in whole; or

(b) provided that the Credit Linked Notes to which the Non-Standard Reference Obligation relates are not Reference Obligation Only Notes:

(i) the aggregate amounts due under the Non-Standard Reference Obligation have been reduced by redemption or otherwise below US$ 10,000,000 (or its equivalent in the relevant Obligation Currency, as determined by the Calculation Agent); or

(ii) for any reason, other than due to the existence or occurrence of a Credit Event, the Non-Standard Reference Obligation is no longer an obligation of the Reference Entity (either directly or as provider of a guarantee).

For purposes of identification of the Non-Standard Reference Obligation, any change in the Non-Standard Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, constitute a Substitution Event. If an event described in paragraphs (a) or (b)(i) above has occurred on or prior to the Trade Date, then a Substitution Event shall be deemed to have occurred pursuant to paragraphs (a) or (b)(i) above as the case may be, on the Trade Date.

"**Substitution Event Date**" means, with respect to the Reference Obligation, the date of the occurrence of the relevant Substitution Event.

"**Succession Date**" means the legally effective date of an event in which one or more entities succeed to some or all of the Relevant Obligations of the Reference Entity; provided that if at such time, there is a Steps Plan, the Succession Date will be the legally effective date of the final succession in respect of such Steps Plan, or if earlier

(i) the date on which a determination pursuant to paragraph (a) of the definition of Successor below would not be affected by any further related successions in respect of such Steps Plan, or (ii) the occurrence of a Credit Event Determination Date in respect of the Reference Entity or any entity which would constitute a Successor.

"**Successor**" means:

(a) subject to paragraph (b) below, the entity or entities, if any, determined as follows:

(i) subject to paragraph (vii), if one entity succeeds, either directly or indirectly, as a provider of a Relevant Guarantee, to seventy-five per cent. or more of the Relevant Obligations of the Reference Entity, that entity will be the sole Successor;

(ii) if only one entity succeeds directly as a provider of a Relevant Guarantee, to more than twenty-five per cent. (but less than seventy-five per cent.) of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent. of the Relevant Obligations will be the sole Successor;

(iii) if more than one entity each succeeds directly as a provider of a Relevant Guarantee, to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent. of the Relevant Obligations will each be a Successor and these Terms and Conditions and/or the Final Terms will be adjusted as provided below;

(iv) if one or more entity each succeed directly as a provider of a Relevant Guarantee, to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity, and more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor and these Terms and Conditions and/or the Final Terms will be adjusted as provided below;

(v) if one or more entities succeed directly as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of such succession;

(vi) if one or more entities succeed, either directly or indirectly, as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations will be the Successor (provided that if two or more entities succeed to an equal percentage of Relevant Obligations, each such entity will be a Successor and these Terms and Conditions and/or the Final Terms will be adjusted as provided below); and

(vii) in respect of a Reference Entity which is not a Sovereign, if one entity assumes all of the obligations (including at least one Relevant Obligation) of the Reference Entity, and at the time of the determination either (A) the Reference Entity has ceased to exist, or (B) the Reference Entity is in the process of being dissolved (howsoever described) and the Reference Entity has not issued or incurred any Borrowed Money obligation at any time since the legally effective date of the assumption, such entity (the Universal Successor) will be the sole Successor; and

(b) An entity may only be a Successor if:

(i) either (A) the related Succession Date occurs on or after the Successor Backstop Date, or (B) such entity is a Universal Successor in respect of which the Succession Date occurred on or after 1 January 2014;

(ii) the Reference Entity had at least one Relevant Obligation outstanding immediately prior to the Succession Date and such entity succeeds to all or part of at least one Relevant Obligation of the Reference Entity; and

(iii) where the Reference Entity is a Sovereign, such entity succeeded to the Relevant Obligations by way of a Sovereign Succession Event.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after delivery of a Successor Notice and with effect from the Succession Date, any Successor or Successors under paragraph (a) above, Provided That the Calculation Agent will not make any such determination if, at the time of determination, the DC Secretary has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that there is no Successor based on the relevant succession to Relevant Obligations.

The Calculation Agent will make all calculations and determinations required to be made under this definition of Successor on the basis of Eligible Information and will, as soon as practicable after such calculation or determination, make such calculation or determination available for inspection by Noteholders at the specified office of the Principal Paying Agent. In calculating the percentages used to determine whether an entity qualifies as a Successor under paragraph (a) above, if there is a Steps Plan, the Calculation Agent shall consider all related successions in respect of such Steps Plan in aggregate as if forming part of a single succession.

Where pursuant to paragraphs a(iii), a(iv) or a(vi) or (b) above, more than one Successor has been identified, the Calculation Agent shall adjust such of these Terms and Conditions and/or the Final Terms as it shall determine to be appropriate to reflect that the Reference Entity has been succeeded by more than one Successor (which amendments may, for the avoidance of doubt, include in the case of Tranched Linear Basket Credit Linked Notes, such adjustments as the Calculation Agent determines appropriate to the numbers of Reference Entities specified as "**H**" and "**L**", having regard to any adjustments made to the notional portfolio to which the Notes relate) and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of these Terms and Conditions and/or the 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 Credit Linked Notes under the provisions of the 2014 ISDA Credit Derivatives Definitions.

Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Holders in accordance with General Condition 13 stating the adjustment to these Terms and Conditions and/or the Final Terms and giving brief details of the relevant Successor event.

In respect of Credit Linked Notes which are Index Credit Linked Notes, if at any time there is a discrepancy between the Successor determined pursuant to the above and a Successor announced by the Index Sponsor, the Calculation Agent may make such amendments to the Credit Linked Notes as it determines in a commercially reasonable manner is necessary or desirable to remedy or account for such discrepancy. Any amendment made pursuant to this paragraph shall be notified to Holders in accordance with General Condition 13.

If two or more entities (each, a "**Joint Potential Successor**") jointly succeed to a Relevant Obligation (the "**Joint Relevant Obligation**") either directly or as a provider of a Relevant Guarantee, then (i) if the Joint Relevant Obligation was a direct obligation of the Reference Entity, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as direct obligor or obligors, or (ii) if the Joint Relevant Obligation was a Relevant Guarantee, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as guarantor or guarantors, if any, or otherwise by each Joint Potential Successor in equal parts.

For the purposes of this definition of "Successor", "**succeed**" means, with respect to the Reference Entity and its Relevant Obligations, that an entity other than the Reference Entity (i) assumes or becomes liable for such Relevant Obligations whether by operation of law or pursuant to any agreement (including, with respect to a Reference Entity that is a Sovereign, any protocol, treaty, convention, accord, concord, entente, pact or other agreement), or (ii) issues Bonds or incurs Loans (the **Exchange Bonds** or **Loans**) that are exchanged for Relevant Obligations, and in either case the Reference Entity is not thereafter a direct obligor or a provider of a Relevant Guarantee with respect to such Relevant Obligations or such Exchange Bonds or Loans, as applicable. For purposes of this definition of "Successor", "succeeded" and "succession" shall be construed accordingly. In the case of an exchange offer, the determinations required pursuant to paragraph (a) of this definition of "Successor" shall be made on the basis of the outstanding principal balance of Relevant Obligations exchanged and not on the basis of the outstanding principal balance of the Exchange Bonds or Loans.

Notwithstanding the provisions above and sub-paragraph (b) of the definition of Reference Entity, where one or more Reference Entities (each an "**Affected Reference Entity**") and/or the Issuer would, but for this provision, be identified as a Successor to another Reference Entity pursuant to the above provisions and at least one other entity which is not a Reference Entity or the Issuer is also identified as a Successor for the

purposes of any succession, each Affected Reference Entity and/or the Issuer, as applicable, shall not be regarded as a "Successor" for the purposes of the Notes. Where pursuant to the provisions above or sub-paragraph (b) of the definition of Reference Entity one or more Reference Entities (each an "**Affected Reference Entity**") and/or the Issuer would, but for this provision, be identified as a Successor to another Reference Entity pursuant to the above provisions but no other entities (that are not Reference Entities or the Issuer) are identified as a Successor in respect of the relevant succession, each Affected Reference Entity and/or the Issuer, as applicable, shall not be regarded as a "Successor" for the purposes of the Notes and, in respect of each Affected Reference Entity or the Issuer, as applicable, the Calculation Agent shall use reasonable endeavours to (a) select an Alternative Reference Entity to be the Successor in respect of the relevant succession and (b) select an Alternative Reference Obligation to be the Reference Obligation in respect of such Alternative Reference Entity after the relevant succession and the Calculation Agent may make such adjustments to the Conditions and/or the Final Terms as it determines to be necessary or desirable to reflect such Alternative Reference Entity and Alternative Reference Obligation. If the Calculation Agent is unable to select an Alternative Reference Entity or an Alternative Reference Obligation, then: (i) no Successor shall be appointed; (ii) the Affected Reference Entity to which the relevant succession relates shall be deemed to have ceased to be a Reference Entity; (iii) that portion of any interest payable which is referable to the purchase of credit protection purchased by the Issuer under the Notes in respect of the Affected Reference Entity shall be reduced accordingly as determined by the Calculation Agent in its sole and absolute discretion; and (iv) the Calculation Agent may make such adjustments to the Conditions and/or the Final Terms to account for the Successor Associated Costs, which may include, without limitation, reducing the Final Redemption Amount, Credit Event Redemption Amount or the Entitlement (as the case may be) by an amount equal to the Successor Associated Costs, in each case with effect from the date determined by the Calculation Agent to be the relevant Succession Date.

Where:

"**Alternative Reference Entity**" means an entity which satisfies both the Industry Requirement (other than in the case of a Sovereign) and the Spread Requirement as determined by the Calculation Agent in its sole and absolute discretion;

"**Alternative Reference Obligation**" means any obligation of the Alternative Reference Entity selected by the Calculation Agent in its sole and absolute discretion which, as far as practicable, in the determination of the Calculation Agent is substantially similar in economic terms to the relevant Reference Obligation of the Reference Entity for which a Successor falls to be determined pursuant to this definition of "Successor". An Alternative Reference Obligation may or may not be the applicable Standard Reference Obligation for the Alternative Reference Entity;

"**Industry Requirement**" means an entity that is in the same industry group as the Reference Entity for which a Successor falls to be determined pursuant to this definition of "Successor", as determined by the Calculation Agent in its sole and absolute discretion by reference to such source(s) as it determines appropriate, including any international market data sources such as, but not limited to, credit rating agencies;

"**Spread**" means the bid-side quotation obtained by the Calculation Agent from such leading dealer in the credit default swap market selected by the Calculation Agent in its sole and absolute discretion for a credit default swap in respect of the relevant entity with a credit protection period commencing on the date determined by the Calculation Agent to be the date of the relevant Succession Date and ending on the Maturity Date and with the Reference Obligation(s) specified in the Final Terms or Alternative Reference Obligation(s), as applicable;

"**Spread Requirement**" means an entity that, as at the date of selection, has a Spread not greater than the Spread of the Reference Entity for which a Successor falls to be determined pursuant to this definition of "Successor", immediately prior to the relevant Succession Date as determined by the Calculation Agent in its sole and absolute discretion; and

"**Successor Associated Costs**" means an amount per nominal amount of the Notes (which may not be less than zero) equal to such Notes' *pro rata* share multiplied by the Credit Multiplier (if any), of the total amount of any and all costs and losses associated with or incurred by the Issuer and/or any Affiliate in connection with the Affected Reference Entity ceasing to be a Reference Entity, including, without limitation, any costs and losses associated with or incurred by the Issuer and/or any Affiliate in connection with unwinding, substituting, re-establishing and/or incurring any funding relating to the Notes and/or any hedge positions (including without limitation, any derivative transaction) relating to the Notes, and any

related costs due to costs or losses being incurred prior to the maturity or settlement of the Notes, all as determined by the Calculation Agent in its sole discretion.

"**Successor Backstop Date**" means for purposes of any Successor determination determined by DC Resolution, the date that is ninety calendar days prior to the Successor Resolution Request Date otherwise, the date that is ninety calendar days prior to the earlier of (i) the date on which the Successor Notice is effective and (ii) in circumstances where (A) a Successor Resolution Request Date has occurred, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination and (C) the Successor Notice is delivered not more than fourteen calendar days after the day on which the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination, the Successor Resolution Request Date. The Successor Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

"**Successor Notice**" means an irrevocable notice from the Calculation Agent to the Issuer that describes a succession (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) in respect of which a Succession Date has occurred and pursuant to which one or more Successors to the Reference Entity can be determined.

A Successor Notice must contain a description in reasonable detail of the facts relevant to the determination to be made pursuant to paragraph (a) of the definition of Successor above.

"**Successor Resolution Request Date**" means, with respect to a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve one or more Successors to the Reference Entity, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

"**Trade Date**" means the date specified as such in the Final Terms.

"**Tranched Index Credit Linked Notes**" means either iTraxx Tranched Index Credit Linked Notes or CDX Tranched Index Credit Linked Notes, as specified in the Final Terms.

"**Transaction Auction Settlement Terms**" means 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 Credit Linked 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 these Credit Linked Conditions principally for the purpose of selecting the Credit Derivatives Auction Settlement Terms appropriate to the Credit Linked Notes.

"**Undeliverable Obligation**" means a Deliverable Obligation included in the Entitlement which, on the Credit Settlement Date for such Deliverable Obligation, the Calculation Agent determines for any reason (including without limitation, failure of the relevant clearance system or due to any law, regulation, court order, contractual restrictions, statutory restrictions or market conditions but excluding the non-receipt of any requisite consents with respect to the Delivery of Loans or non-delivery of an Asset Transfer Notice or any relevant information by a holder) it is impossible or illegal to Deliver on the Credit Settlement Date.

"**Underlying Obligation**" means, with respect to a guarantee, the obligation which is the subject of the guarantee.

"**Underlying Obligor**" means with respect to an Underlying Obligation, the issuer in the case of a Bond, the borrower in the case of a Loan, or the principal obligor in the case of any other Underlying Obligation.

"**Unwind Costs**" means the amount specified in the Final Terms or if "Standard Unwind Costs" are specified in the Final Terms, an amount determined by the Calculation Agent equal to the aggregate sum of (without duplication) all costs (including loss of funding), fees, charges, expenses, tax and duties incurred by the Issuer and/or any of its Affiliates in connection with the redemption or credit settlement of the Credit Linked Notes and the related termination, settlement or re-establishment of any Hedging Arrangements.

"**Valuation Date**" means if "Single Valuation Date" is specified in the Final Terms and subject to Credit Linked Condition 10, the date that is the number of Business Days specified in the Final Terms (or, if the number of Business Days is not so specified, five Business Days) following the Credit Event Determination Date (or if the Credit Event Determination Date occurs pursuant to paragraph (a)(ii) of the definition of Credit Event

Determination Date above or paragraph (i) of the definition of Non-Standard Credit Event Determination Date, the day on which the DC Credit Event Announcement occurs) (or, if Cash Settlement is applicable pursuant to the Fallback Settlement Method in accordance with paragraphs (b)(i) or (b)(ii) of Credit Linked Condition 2 (*Auction Settlement)* above, the date that is the number of Business Days specified in the Final Terms or, if the number of Business Days is not so specified, five Business Days) following 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 Final Terms, each of the following dates:

(a) subject to Credit Linked Condition 11, the date that is the number of Business Days specified in the Final Terms (or, if the number of Business Days is not specified, five Business Days) following the Credit Event Determination Date (or if the Credit Event Determination Date occurs pursuant to paragraph (a) of the definition of Credit Event Determination Date above or paragraph (i) of the definition of Non-Standard Credit Event Determination Date, the day on which the DC Credit Event Announcement occurs) (or if Cash Settlement is the applicable Fallback Settlement Method in accordance with paragraphs (b)(i) or (b)(ii) of Credit Linked Condition 2 (*Auction Settlement*) above, the date that is the number of Business Days specified in the 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

(b) each successive date that is the number of Business Days specified in the 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 Final Terms, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the 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 Final Terms, Single Valuation Date shall apply.

"**Valuation Method**":

(a) The following Valuation Methods may be specified in the Final Terms with 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.

(b) If no such Valuation Method is specified in the Final Terms, the Valuation Method shall be Highest.

(c) The following Valuation Methods may be specified in the Final Terms with 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.

(d) If no such Valuation Method is specified in the Final Terms, the Valuation Method shall be Average Highest.

Notwithstanding paragraphs (a) to (d) above, if Quotations include Weighted Average Quotations or fewer than two Full Quotations, the Calculation Agent may at its option determine that the Valuation Method shall be Market or Average Market, as the case may be.

Where applicable, the Final Terms may specify an alternative Valuation Method which shall be applicable in respect of the relevant Credit Linked Notes.

"**Valuation Obligation**" means in respect of a Reference Entity, notwithstanding anything to the contrary in the Credit Linked Conditions, one or more obligations of such Reference Entity (either directly or as provider of a Relevant Guarantee) which is capable of being specified in a Notice of Physical Settlement (or in any Physical Settlement Amendment Notice, as applicable) if Physical Settlement were the applicable Settlement Method and/or any Asset in the related Asset Package in respect of a Prior Deliverable Obligation or Package Observable Bond, in each case, as selected by the Issuer acting in good faith and in a commercially reasonable manner on or prior to the applicable Valuation Date, provided that, for such purpose, in respect of any Asset in the related Asset Package in

respect of a Prior Deliverable Obligation or Package Observable Bond, any reference to "Outstanding Principal Balance", "Due and Payable Amount" or "Outstanding Amount" in the definitions of "Final Price", "Full Quotation", "Quotation", "Quotation Amount" and "Weighted Average Quotation" shall be deemed to be a reference to the words "Outstanding Amount of the relevant Prior Deliverable Obligation or Package Observable Bond immediately prior to the Asset Package Credit Event". For the avoidance of doubt, the use of Deliverable Obligation terms in this definition of "Valuation Obligation" is for convenience only and is not intended to amend the selected settlement method.

"**Valuation Obligations Portfolio**" means one or more Valuation Obligations of a Reference Entity selected by the Calculation Agent in its discretion, each in an Outstanding Amount (or, as the case may be, an Outstanding Amount of the relevant Prior Deliverable Obligation or Package Observable Bond immediately prior to the Asset Package Credit Event) selected by the Calculation Agent acting in good faith and in a commercially reasonable manner (and references to "Quotation Amount" shall be construed accordingly), provided that the aggregate of such Outstanding Amounts (or in each case the equivalent in the Specified Currency thereof (converted at the foreign exchange rate prevailing on any date from (and including) the Event Determination Date to (and including) the Valuation Date, as selected by the Calculation Agent acting in good faith and in a commercially reasonable manner)), shall not exceed the relevant Reference Entity Notional Amount.

"**Valuation Time**" means the time specified as such in the Final Terms or, if no time is so specified, 11.00 a.m. in the principal trading market for the Valuation Obligation.

"**Voting Shares**" means the shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

"**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 Valuation Obligation with an Outstanding Principal Balance or Due and Payable Amount, as applicable, of as large a size as available but less than the Quotation Amount (but, of a size at least equal to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

"**Zero/Set Recovery Notes**" means Notes in respect of which the applicable Settlement Method in the Final Terms is specified as "Not applicable: Zero/Set Recovery Notes".

14. Credit Event Notice after Restructuring Credit Event

Unless otherwise specified in the Final Terms, this Credit Linked Condition 14 will apply where "Mod R" or "Mod Mod R" is specified as applicable in the Final Terms (whether by application of the Physical Settlement Matrix or otherwise), and notwithstanding anything to the contrary in these Terms and Conditions:

(a) The Calculation Agent may deliver multiple Credit Event Notices in respect of such M(M)R Restructuring, each such Credit Event Notice setting forth an amount of the relevant Reference Entity Notional Amount to which such Restructuring Credit Event applies (the "**Partial Redemption Amount**") that may be less than the Aggregate Nominal Amount of those Credit Linked Notes outstanding immediately prior to the delivery of such Credit Event Notice. In such circumstances the Credit Linked Conditions and related provisions shall be deemed to apply to the Partial Redemption Amount only and each such Credit Linked Note shall be redeemed in part (such redeemed part being equal to the Partial Redemption Amount).

(b) For the avoidance of doubt (A) the nominal amount of each Credit Linked Note not so redeemed in part shall remain outstanding and interest shall accrue on the nominal amount outstanding of such Credit Linked Note as provided in Credit Linked Condition 5 (adjusted in such manner as the Calculation Agent determines to be appropriate), (B) the Credit Linked Conditions and related provisions shall apply to such nominal amount outstanding of such Credit Linked 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 and (C) if, following a Restructuring Credit Event, different Credit Event Determination Dates have been determined with respect to different portions of amounts payable or deliverable to Noteholders under the relevant Series, the Calculation Agent will (x) determine such adjustment(s) to these Terms and Conditions as may be required to achieve as far as practicable the same economic effect as if each such portion was a separate series or otherwise reflect or account for the effect of the above provisions of this Credit Linked Condition 14 and (y) the effective date of such adjustment(s).

(c) If the provisions of this Credit Linked Condition 14(c) apply in respect of the Credit Linked Notes, on redemption of part of each such Credit Linked Note the relevant Credit Linked Note or, if the Credit Linked Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such part redemption.

(d) In addition, in the case of First-to-Default Credit Linked Notes:

Once a Credit Event Determination Date has occurred in respect of the First Reference Entity, where the Credit Event is a Restructuring Credit Event, no further Credit Event Notices may be delivered in respect of any other Reference Entity.

(e) In addition, in the case of Nth-to-Default Credit Linked Notes:

Once a Credit Event Determination Date has occurred in respect of the Triggering Reference Entity, where the Credit event is a Restructuring Credit Event, no further Credit Event Notices may be delivered in respect of any other Reference Entity.

(f) In addition, in the case of Linear Basket Credit Linked Notes and Index Credit Linked Notes:

Once a Credit Event Determination Date has occurred in respect of a Reference Entity in the Basket, where the Credit Event is a Restructuring Credit Event, no further Credit Event Notices may be delivered in respect of such Reference Entity.

15. Provisions relating to Multiple Holder Obligation

If this Credit Linked Condition 15 is specified as applicable in the 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 (e) 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) is (A) a Bond and/or (B) an Obligation 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.

16. Provisions taken from the ISDA supplement titled "Additional Provisions for Monoline Insurer Reference Entities (September 2014)"

If this Credit Linked Condition 16 is specified as applicable in the Final Terms, the following provisions will apply:

(a) *Obligation and Deliverable Obligation*. Paragraph (a) of the definition of "Obligation" in Credit Linked Condition 13 and paragraph (a) of the definition of "Deliverable Obligation" in Credit Linked Condition 13 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 (ii) of the definition of "Deliverable Obligation" in Credit Linked Condition 13 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 these Credit Linked Conditions 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 Final Terms;

(iv) if the Assignable Loan, Consent Required Loan, Direct Loan Participation or Transferable Deliverable Obligation Characteristics are specified in the 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) *Deliver*. For the purposes of the definition of "Deliver" in Credit Linked Condition 13, "**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.

(d) *Provisions for Determining a Successor*. The paragraph commencing "For the purposes of this definition of "Successor"..." in the definition of "Successor" in Credit Linked Condition 13 is hereby amended by adding "or insurer" after "or guarantor".

(e) Restructuring

(i) With respect to an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest or a Qualifying Policy with respect thereto, paragraphs (a) to (e) inclusive of the definition of "Restructuring" in Credit Linked Condition 13 are hereby amended to read as follows:

"(i) a reduction in the rate or amount of the Instrument Payments in paragraph (A)(x) of the definition thereof that are guaranteed or insured by the "Qualifying Policy";

(ii) a reduction in the amount of the Instrument Payments described in paragraph (A)(y) of the definition thereof that are guaranteed or insured by the "Qualifying Policy";

(iii) a postponement or other deferral of a date or dates for either (x) the payment or accrual of the Instrument Payments described in paragraph (A)(x) of the definition thereof or (y) the payment of the Instrument Payments described in paragraph (A)(y) of the definition thereof, in each case that are guaranteed or insured by the "Qualifying Policy";

(iv) a change in the ranking in priority of payment of (x) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination of such Obligation to any other Obligation or (y) any Instrument Payments, causing the Subordination of such Insured Instrument to any other instrument in the form of a pass-through certificate or similar funded beneficial interest issued by the Insured Obligor, it being understood that, for this purpose, Subordination will be deemed to include any such change that results in a lower ranking under a priority of payments provision applicable to the relevant Instrument Payments; or

(v) any change in the currency or composition of any payment of Instrument Payments that are guaranteed or insured by the "Qualifying Policy" to any currency (other than the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro as a whole)."

(ii) Paragraph (c) of the definition of "Restructuring" in Credit Linked Condition 13 is hereby amended by adding "or, in the case of a Qualifying Policy and an Insured Instrument, where (A) the "Qualifying Policy" continues to guarantee or insure, as applicable, that the same Instrument Payments will be made on the same dates on which the "Qualifying Policy" guaranteed or insured that such Instrument Payments would be made prior to such event and (B) such event is not a change in the ranking in the priority of payment of the "Qualifying Policy" after "Reference Entity".

(iii) The definition of "Restructuring" in Credit Linked Condition 13 is hereby amended by the insertion of the following paragraph after the final paragraph thereof:

"For purposes of this definition of "Restructuring" in and if Credit Linked Condition 15 is specified as applying in the Final Terms, for the purposes of the Credit Linked Conditions the term "Obligation" shall be deemed to include Insured Instruments for which the Reference Entity is acting as provider of a Qualifying Policy. In the case of a Qualifying Policy and an Insured Instrument, references to the Reference Entity in this definition of "Restructuring" shall be deemed to refer to the Insured Obligor and the references to the Reference Entity in paragraphs (a) to (c) inclusive in this definition of "Restructuring" shall continue to refer to the Reference Entity."

(f) *Fully Transferable Obligation and Conditionally Transferable Obligation*. In the event that M(M)R Restructuring is specified as applicable in the Final Terms and a Fully Transferable Obligation or Conditionally Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of the relevant definition. References in the definition of "Conditionally Transferable Obligation" to the "guarantor" and "guaranteeing" shall be deemed to include "the "insurer" and "insuring" respectively. With respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "final maturity date", as such term is used in Credit Linked Condition 4 and the definition of "Restructuring Maturity Limitation Date", 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.

(g) *Other Provisions*. For purposes of paragraph (a) of the definition of "Deliverable Obligation" and the definitions of "Credit Event" and "Deliver" in Credit Linked Condition 13 references to the "Underlying Obligation" and the "Underlying Obligor" shall be deemed to include "Insured Instruments" and the "Insured Obligor", respectively.

(h) Additional Definitions.

(i) "**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 Credit Linked Condition 16) (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).

(ii) "**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) 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").

(iii) "**Certificate Balance**" means, in the case of an Insured Instrument that is in the form of a pass through certificate or similar funded beneficial interest, the unit principal balance, certificate balance or similar measure of unreimbursed principal investment.

17. Calculation Agent Notices

Any notice to be delivered by the Calculation Agent to the Issuer or the Guarantor, as applicable, pursuant to these Credit Linked Conditions may be given in writing (including by facsimile and/or email) and/or by telephone. Any such notice will be effective when given, regardless of the form in which it is delivered. 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.

For the purposes of determining the day on which an event occurs for purposes of these Credit Linked Conditions, the Calculation Agent will determine the demarcation of days by reference to Greenwich Mean Time (or, if the Reference Entity has a material connection to Japan for these purposes, Tokyo time) irrespective of the time zone in which such event occurred. Any event occurring at midnight shall be deemed to have occurred immediately prior to midnight.

In addition, if a payment is not made by the Reference Entity on its due date or, as the case may be, on the final day of the relevant Grace Period, then such failure to make a payment shall be deemed to have occurred on such day prior to midnight Greenwich Mean Time (or, if the Reference Entity has a material connection to Japan for these purposes, Tokyo time), irrespective of the time zone of its place of payment.

18. Provisions taken from the ISDA supplement titled "Additional Provisions for LPN Reference Entities" (published on 15 September 2014)

ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES

(a) If this Credit Linked Condition 18 is specified as applicable in the Final Terms, notwithstanding anything to the contrary in the Credit Linked Conditions, the following provisions will apply: provisions relating to Multiple Holder Obligation will be deemed to be Not Applicable with respect to any Reference Obligation (and any Underlying Loan);

(b) each Reference Obligation will be an Obligation, notwithstanding anything to the contrary in the Credit Linked Conditions including, but not limited to the definition of "Obligation" in Credit Linked Condition 13, and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity;

(c) each Reference Obligation will be a Deliverable Obligation notwithstanding anything to the contrary in the Credit Linked Conditions including, but not limited to the definition of "Deliverable Obligation" in Credit Linked Condition 13 and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity.

For the avoidance of doubt with respect to any LPN Reference Obligation that specifies an Underlying Loan or an Underlying Finance Instrument, the outstanding principal balance shall be determined by reference to the Underlying Loan or Underlying Finance Instrument (as applicable) relating to such LPN Reference Obligation.

The Not Subordinated Obligation Characteristic and Deliverable Obligation Characteristic shall be construed by reference to the Prior Reference Obligation;

(d) the definition of Reference Obligation shall be deleted and the following substituted therefor:

"**Reference Obligation**" means, as of the Trade Date, each of the obligations listed as a Reference Obligation of the Reference Entity in the Final Terms or set forth on the relevant LPN Reference Obligations List (each a "**Markit Published LPN Reference Obligation**"), as published by Markit Group Limited, or any successor thereto, as of the Trade Date, any Additional LPN and each Additional Obligation."; and

(e) the following additional definitions shall apply:

"**Additional LPN**" means any bond issued in the form of a loan participation note (a "**LPN**") by an entity (the "**LPN Issuer**") for the sole purpose of providing funds for the LPN Issuer to (a) finance a loan to the Reference Entity (the "**Underlying Loan**") or (b) provide finance to the Reference Entity by way of a deposit, loan or other Borrowed Money instrument (the "**Underlying Finance Instrument**"), provided that (i) either (x) in the event that there is an Underlying Loan with respect to such LPN the Underlying Loan satisfies the Obligation Characteristics specified in respect of the Reference Entity or (y) in the event that there is an Underlying Finance Instrument with respect to such LPN the Underlying Finance Instrument satisfies the Not Subordinated, Not Domestic Law and Not Domestic Currency Obligation Characteristics (ii) the LPN satisfies the following Deliverable Obligation Characteristics: Transferable, Not Bearer, Specified Currency – Standard Specified Currencies, Not Domestic Law, Not Domestic Issuance; and (iii) the LPN Issuer has, as of the issue date of such obligation, granted a First Ranking Interest over or in respect of certain of its rights in relation to the relevant Underlying Loan or Underlying Finance Instrument (as applicable) for the benefit of the holders of the LPNs.

"**Additional Obligation**" means each of the obligations listed as an Additional Obligation of the Reference Entity in the Final Terms or set forth on the relevant LPN Reference Obligations List (each a "**Markit Published LPN Reference Obligation**"), as published by Markit Group Limited, or any successor thereto, as of the Trade Date.

"**First Ranking Interest**" means a charge, security interest (or other type of interest having similar effect) (an "**Interest**"), which is expressed as being "first ranking", "first priority", or similar ("**First Ranking**") in the document creating such Interest (notwithstanding that such Interest may not be First Ranking under any insolvency laws of any related insolvency jurisdiction of the LPN Issuer).

"**LPN Reference Obligation**" means each Reference Obligation other than any Additional Obligation.

For the avoidance of doubt, any change to the issuer of an LPN Reference Obligation in accordance with its terms shall not prevent such LPN Reference Obligation constituting a Reference Obligation.

Each LPN Reference Obligation is issued for the sole purpose of providing funds for the Issuer to finance a loan to the Reference Entity. For the purposes of the Credit Linked Conditions each such loan shall be an Underlying Loan.

19. Amendment of Credit Linked Conditions

The Calculation Agent may from time to time amend any provision of these Credit Linked Conditions (i) to incorporate and/or reflect (x) further or alternative documents or protocols from time to time published by ISDA with respect to the settlement of credit derivative transactions and/or (b) the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees and/or (ii) in any manner which the Calculation Agent determines in a commercially reasonable manner is necessary or desirable to reflect or account for market practice for credit derivative transactions and/or reflect or account for a Hedge Disruption Event. Any amendment made in accordance with this Credit Linked Condition 19 shall be notified to the Noteholders in accordance with General Condition 13.

20. Physical Settlement Matrix

If Physical Settlement Matrix is specified as applicable in the Final Terms, the provisions specified as applicable and, if applicable, as amended in each case as set out below, in respect of the applicable Transaction Type(s) set out in the Credit Derivatives Physical Settlement Matrix as published by the International Swaps and Derivatives Association, Inc. on the Date of the Physical Settlement Matrix specified in the Final Terms or, if no such date is specified, on the most recent date on or prior to the Issue Date of the first Tranche (the "**ISDA Physical Settlement Matrix**") shall apply and the relevant provisions of the Final Terms shall be deemed to be completed on this basis and the corresponding line items in the Final Terms may be deleted or reference to 'As per the Physical Settlement Matrix' may be inserted. The ISDA Physical Settlement Matrix will be available at http://www.isda.org/c_and_a/Credit-Derivatives-Physical-Settlement-Matrix.html (or any successor website thereto) (which website or any such successor website shall not form part of the Final Terms).

Provision	**Applicable/Not Applicable**	**Amendments to ISDA Physical Settlement Matrix**
All Guarantees	Applicable	None
Credit Events	Applicable	References to "Floating Rate Payer Calculation Amount" shall be deemed to be references to "the relevant Reference Entity Notional Amount".
Obligation Category	Applicable	None
Obligation Characteristics	Applicable	None
Physical Settlement Period	Applicable	References to "Section 8.6 of the Definitions" shall be deemed to be references to "the definition of Physical Settlement Period in Credit Linked Condition 13".
Deliverable Obligation Category	Applicable	None
Deliverable Obligation Characteristics	Applicable	None
Additional Provisions for Monoline Insurer Reference Entities (15 September 2014)	Applicable	(a) The reference to "Additional Provisions for Monoline Insurer Reference Entities (15 September 2014)" shall be deemed to be a reference to "Credit Linked Condition 16 – *Provisions taken from the ISDA supplement titled "Additional Provisions for Monoline Insurer Reference Entities (September 2014)*"; and (b) the reference to "the relevant Confirmation" shall be deemed to be a reference to "the applicable Final Terms".

Provision	Applicable/Not Applicable	Amendments to ISDA Physical Settlement Matrix
Additional Provisions for LPN Reference Entities (15 September 2014)	Applicable	References to "Additional Provisions for LPN Reference Entities (15 September 2014)" shall be deemed to be references to Credit Linked Condition 18 (*Provisions taken from the ISDA supplement titled "Additional Provisions for LPN Reference Entities" (published on 15 September 2014*)".

The Transaction Types applicable to Index Credit Linked Notes as specified in the relevant Index Annex will also lead to provisions in the relevant Physical Settlement Matrix applying and additional supplements and/or additional provisions depending on such Transaction Type (as applicable). The Calculation Agent may make such changes as it deems necessary (including but not limited to those set out above) to ensure that the terms of the Index Credit Linked Notes match any hedging transactions it has in place for them. If any additional provisions relating to the Physical Settlement Matrix are specified in the Final Terms, this Credit Linked Condition 20 shall apply to the Credit Linked Notes.

21. Early redemption of Reference Obligation Only Notes following a Substitution Event

If the Notes are Reference Obligation Only Notes relating to a single Reference Entity and the event set out in paragraph (a) of the definition of Substitution Event above occurs with respect to the Reference Obligation, then:

(a) interest (if any) shall cease to accrue on the Credit Linked Notes from and including the Interest Payment Date immediately preceding the relevant Substitution Event Date or, if no Interest Payment Date has occurred, no interest will accrue on the Credit Linked Notes; and

(b) each Credit Linked Note will be redeemed by the Issuer at its relevant Reference Obligation Only Termination Amount specified in, or determined in the manner specified in, the Final Terms in the Specified Currency on the Maturity Date, which for the purposes of this Credit Linked Condition 21 shall be the day falling five Business Days following the relevant Substitution Event Date.

22. DC Resolution Adjustment Events

If following the publication of a DC Resolution (the "**Prior DC Resolution**"), a further DC Resolution (the relevant "**Further DC Resolution**") is published the effect of which would be to reverse all or part of the Prior DC Resolution or if any DC Resolution would reverse any determination made by the Calculation Agent and/or the occurrence of a Credit Event Determination Date, notwithstanding any other provisions of these Credit Linked Conditions the Calculation Agent may, in its sole and absolute discretion, make any adjustment(s) that the Calculation Agent determines is necessary or desirable to the General Conditions or these Credit Linked Conditions to reflect the publication of such Further DC Resolution or DC Resolution, including, without limitation, as a result of the impact or effect of such Further DC Resolution or DC Resolution on the Issuer's Hedging Arrangements.

CREDIT INDEX DISCLAIMERS

Index Credit Linked Notes are linked to a Credit Index.

The indices which are specified in the Final Terms in relation to Index Credit Linked Notes (each, for the purposes of this disclaimer only, a "**Credit Index**"), are the property of Markit Indices Limited (the "**Index Sponsor**") and has been licensed for use in connection with the Credit Linked Notes. Each of the noteholders acknowledges and agrees that the Notes are not sponsored, endorsed, or promoted by the Index Sponsor. The Index Sponsor makes no representation whatsoever, whether express or implied, and hereby expressly disclaims all warranties (including, without limitation, those of the merchantability or fitness for a particular purpose or use), with respect to the Credit Index or any data included therein or relating thereto, and in particular disclaims any warranty either as to the quality, accuracy and/or completeness of the Credit Index or any data included therein, the results obtained from the use of the Credit Index and/or the composition of the Credit Index at any particular time on any particular date or otherwise and/or the creditworthiness of any entity, or the likelihood of the occurrence of a credit event or similar event (however defined) with respect to an obligation, in the Credit Index at any particular time on any particular date or otherwise. The Index Sponsor shall not be liable (whether in negligence or otherwise) to the parties or any other person for any error in the Credit Index, and the Index Sponsor is under no obligation to advise the parties or any person of any error therein.

The Index Sponsor makes no representation whatsoever, whether express or implied, as to the advisability of purchasing or selling the Credit Linked Notes, the ability of the Credit Index to track relevant markets' performances, or otherwise relating to the Credit Index or any transaction or product with respect thereto, or of assuming any risks in connection therewith. The Index Sponsor has no obligation to take the needs of any party into consideration in determining, composing or calculating the Credit Index. No party purchasing or selling the Credit Linked Notes, nor the Index Sponsor shall have any liability to any party for any act or failure to act by the Index Sponsor in connection with the determination, adjustment, calculation or maintenance of the Credit Index.

"iTraxx®", "Markit iTraxx® Europe" and any other Index using the title "Markit iTraxx® Europe" are service marks of Markit Indices Limited and have been licensed for use by the Issuer.

"CDX™", "Markit CDX™ North American IG/HY/XO" and the title "Markit CDX.NA.IG/HY/XO." Followed by a specified sector, series or version are service marks of Markit North America, Inc. and have been licensed for use by the Issuer.

FORM OF NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached, or in book-entry form. Bearer Notes will be issued outside the United States in reliance on Regulation S. Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A, and Registered Notes in definitive form may be sold to Institutional Accredited Investors who are also QPs. In this Base Prospectus, Bearer Notes and Registered Notes are collectively referred to as "**Certificated Notes**".

Bearer Notes

Each Tranche of Bearer Notes will be initially issued in the form of a temporary bearer global note (a "**Temporary Bearer Global Note**") or a permanent global note (a "**Permanent Bearer Global Note**") as indicated in the Final Terms, which, in either case, will (i) if the Global Notes are intended to be issued in new global note ("**NGN**") form, as stated in the Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper for Euroclear and Clearstream, Luxembourg; or (ii) if the Global Notes are not intended to be issued in NGN form, as stated in the Final Terms, be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held means that the Notes of a particular Tranche are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Final Terms.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note if the Temporary Bearer Global Note is not intended to be issued in NGN form) only to the extent that certification of non-U.S. beneficial ownership, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, coupons and talons attached (as indicated in the Final Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer 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 Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note if the Permanent Bearer Global Note is not intended to be issued in NGN form) without any requirement for certification.

The Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, coupons and talons attached upon either (i) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein or (ii) only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (1) an Event of Default (as defined in General Condition 9) has occurred and is continuing, (2) 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 or (3) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with General Condition 13 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 Bearer Global Note) or the Issuer, as the case may be, may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) above, the relevant Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Principal Paying Agent. If the Global Note is a NGN, the relevant Issuer shall procure that details of such exchange be entered *pro rat*a in the records of the relevant clearing system.

In the event that the Permanent Bearer Global Note is exchanged for definitive Bearer Notes, such definitive Bearer Notes shall be issued in the minimum Specified Denomination only. Noteholders who hold Notes in the relevant clearing system in amounts that are not integral multiples of the Specified Denomination may need to purchase or sell, on or before the Exchange Date, a nominal amount of Notes such that their holding is an integral multiple of the Specified Denomination.

The following legend will appear on Bearer Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

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

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

Bearer Notes will be issued either in accordance with the provisions of United States Treasury Regulations 1.163-5(c)(1)(ii) and 1.163-5(c)(2)(i)(D) ("**TEFRA D**"), which definition shall include any successor rules for the purposes of Section 4701 of the U.S. Internal Revenue Code of 1986) or in accordance with the provisions of United States Treasury Regulations 1.163-5(c)(1)(ii) and 1.163-5(c)(2)(i)(C) ("**TEFRA C**"), which definition shall include any successor rules for the purposes of Section 4701 of the U.S. Internal Revenue Code of 1986). Bearer Notes issued in accordance with TEFRA D will be represented upon issue by a Temporary Bearer Global Note. Bearer Notes issued in accordance with TEFRA C will be represented upon issue by a Permanent Bearer Global Note. Each Temporary Global Note and Permanent Global Note will be delivered on or prior to the issue date for the relevant tranche to a common depositary (in the case of Notes not in NGN form) or common safekeeper (in the case of Notes in NGN form) acting as agent for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Permanent Bearer Global Note issued in accordance with TEFRA C will be exchangeable at any time and without any requirement for certification for Definitive Bearer Notes, in accordance with the terms of such Permanent Bearer Global Note and as specified in the relevant Final Terms. Interests in a Temporary Bearer Global Note issued in accordance with TEFRA D will be exchangeable either for Definitive Bearer Notes or for interests in a Permanent Bearer Global Note, on or after the date which is forty (40) days after the date on which such Temporary Bearer Global Note is issued and upon certification as to non-U.S. beneficial ownership thereof or otherwise as required by U.S. Treasury Regulations, in accordance with the terms of such Temporary Bearer Global Note and as specified in the relevant Final Terms.

For the purposes of complying with TEFRA D, Bearer Notes may not be offered or sold to a United States person. "**United States person**" means any person who is, for U.S. federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organised under the laws of the United States or any political subdivision thereof or therein, or (iii) an estate or trust the income of which is subject to United States taxation regardless of its source.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold in offshore transactions to non-U.S. persons outside the United States, will initially be represented by a global note in registered form, without Receipts or Coupons, (a "**Regulation S Global Note**") which will be registered in the name of a nominee for a common safekeeper (if the Regulation S Global Note is issued under the new safekeeping structure ("**NSS**")) or a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg. Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of the Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in General Condition 2 and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

FORM OF NOTES

The Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions (a) to "qualified institutional buyers" within the meaning of Rule 144A ("**QIBs**") who are also "qualified purchasers" within the meaning of Section 2(a)(51)(A) of the United States Investment Company Act of 1940, as amended (the "**1940 Act**") and the rules and regulations thereunder ("**QPs**"), or (b) to "accredited investors" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act that are institutions ("**Institutional Accredited Investors**") who are also "qualified purchasers" within the meaning of Section 2(a)(51)(A) of the United States Investment Company Act of 1940, as amended (the "**1940 Act**") and the rules and regulations thereunder ("**QPs**"), who agree to purchase the Notes for their own account and not with a view to the distribution thereof. The Registered Notes of each Tranche sold to QIBs who are also QPs will be represented by a global note in registered form (a "**Rule 144A Global Note**" and, together with a Regulation S Global Note, the "**Registered Global Notes**").

Registered Global Notes will either (a) be deposited with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream, Luxembourg or (b) be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Registered Global Notes issued in respect of any Tranche and deposited with one of the ICSDs as common safekeeper, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the New Safekeeping Structure for registered global securities, are intended to be held in a manner which would allow Eurosystem eligibility. This does not necessarily mean that the Notes of such Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life, as such recognition depends upon satisfaction of the Eurosystem eligibility criteria.

The Registered Notes of each Tranche sold to Institutional Accredited Investors who are also QPs will be in definitive form, registered in the name of the holder thereof ("**Definitive IAI Registered Notes**"). Unless otherwise set forth in the Final Terms, Definitive IAI Registered Notes will be issued only in minimum denominations of US$250,000 and integral multiples of US$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Notes Currency). Definitive IAI Registered Notes will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under "*Subscription and Sale and Transfer and Selling Restrictions*". Institutional Accredited Investors who are also QPs that hold Definitive IAI Registered Notes may elect to hold such Notes through DTC, but transferees acquiring the Notes in transactions exempt from Securities Act registration pursuant to Regulation S or Rule 144 under the Securities Act (if available) may do so upon satisfaction of the requirements applicable to such transfer as described under "*Subscription and Sale and Transfer and Selling Restrictions*". The Rule 144A Global Note and the Definitive IAI Registered Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions. Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the persons shown on the Register (as defined in General Condition 1) as the registered holder of the Registered Global Notes. None of the Issuer, the Guarantor (if applicable), any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in General Condition 5) immediately preceding the due date for payment in the manner provided in that General Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without Receipts, Coupons or Talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (a) an Event of Default has occurred and is continuing, (b) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form, (c) in the case of Notes registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, 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, (d) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act or (e) the Notes are required to be removed from (in the case of Notes registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg) both Euroclear and Clearstream, Luxembourg or (in the case of Notes registered in the name of a nominee for DTC) DTC and, in either case, no alternative clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with General Condition 13 if an

Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) or the Issuer, as the case may be, may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note or in the form of a Definitive IAI Registered Note and Definitive IAI Registered Notes may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such Notes in the form of an interest in a Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable, in each case. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see "*Subscription and Sale and Transfer and Selling Restrictions*".

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying 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 at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code, and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code and ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S) applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC or its nominee each person (other than Euroclear or Clearstream, Luxembourg or DTC) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg or of DTC 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 or DTC 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 their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes and, in the case of DTC or its nominee, voting, giving consents or making requests, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantor and their 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.

Except in relation to Notes issued in NGN form, any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the Final Terms or as may otherwise be approved by the Issuer and the Principal Paying Agent. A Note may be accelerated by the holder thereof in certain circumstances described in General Condition 9. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note within a period of 15 days from the giving of a notice by a holder with Euroclear or Clearstream, Luxembourg of such Notes so represented and credited to its securities account that it wishes to accelerate such Notes, then holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg and DTC on and subject to the terms of a deed of covenant dated 18 June 2019 and executed by the Issuer, (the "**Deed of Covenant**"). In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver Definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC's standard operating procedures.

Book-Entry Notes

Book-Entry Notes admitted to trading on AIAF and other Spanish regulated markets

FORM OF NOTES

Notes may be issued in uncertificated, dematerialised book-entry form ("Book-Entry Notes"). Book-Entry Notes which are admitted to trading on AIAF will be issued as anotaciones en cuenta and registered with Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., Unipersonal ("Iberclear") as managing entity of the Central Registry. Such Book-Entry Notes will be constituted as such by virtue of their entry in the corresponding accounting book of Iberclear.

The holders of Book-Entry Notes which are admitted to trading on AIAF will be identified as such (on their own account or for the account of third parties) as appears from the accounting book maintained by Iberclear or the relevant member (entidad participante) of Iberclear ("Iberclear Member") (as the case may be). The clearing and settlement of the Book-Entry Notes which are admitted to trading on AIAF will be carried out in accordance with the operating rules that are established or in the future may be approved by Iberclear.

Payments to be made in respect of Book-Entry Notes which are admitted to trading on AIAF will be made by the Issuer (or on its behalf) to Iberclear or the relevant Iberclear Member (as the case may be), in whose records such Book-Entry Notes are registered, in accordance with Iberclear's current procedures.

One or more certificates evidencing the relevant Noteholder's holding of Book-Entry Notes in the relevant registry will be delivered by Iberclear or the relevant Iberclear Member (as the case may be), in whose records the Book-Entry Notes are registered, or, where the Noteholder is itself an institution participating in Iberclear, by Iberclear (in each case, in accordance with the requirements of Spanish law and the procedures of the relevant Iberclear Member or, as the case may be, Iberclear) to such Noteholder upon such Noteholder's request.

Book-Entry Notes may also be admitted to trading on Spanish regulated markets other than AIAF, in which case references above to AIAF will be deemed to be to such other Spanish regulated market.

Book-Entry Notes admitted to trading on a non-Spanish regulated market

Book-Entry Notes may be admitted to trading on non-Spanish regulated markets. Book-Entry Notes which are admitted to trading on non-Spanish regulated markets will be issued in accordance with the requirements of such regulated market and registered with the Book-Entry Depositary specified in the applicable Final Terms.

The holders of Book-Entry Notes which are admitted to trading on non-Spanish regulated markets will be identified as such (on their own account or for the account of third parties) as appears from the accounting book maintained by the Book-Entry Depositary. The clearing and settlement of the Book-Entry Notes which are admitted to trading on non-Spanish regulated markets will be carried out in accordance with the operating rules that are established or in the future may be approved by the Book-Entry Depositary.

Payments to be made in respect of Book-Entry Notes which are admitted to trading on non Spanish regulated markets will be made by the Issuer (or on its behalf) to the Book-Entry Depositary in accordance with the Book-Entry Depositary's current procedures and in accordance with applicable Spanish laws.

Other provisions relating to Book-Entry Notes

Title to the Book-Entry Notes will be evidenced by book entries and each person shown in the registries maintained by Iberclear Members (or the members of the relevant Book-Entry Depositary) and having an interest in the Book-Entry Notes shall be considered, by the Issuer, the Guarantor and their agents, as the holder of the principal amount of Book-Entry Notes recorded therein, and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly in respect of Book-Entry Notes.

The creation of limited in rem rights or any other encumbrance on a Book-Entry Note must be entered in the corresponding account and effected in accordance will the then current procedures of Iberclear (or the relevant Book-Entry Depositary) and or their respective members.

Further tranches of Book-Entry Notes (fungible Book-Entry Notes)

The Issuer shall arrange (without the requirement to obtain the consent of the Noteholders) that, where a further Tranche of Book-Entry Notes is issued which is intended to form a single Series with an existing Tranche of Book-Entry Notes, the Book-Entry Notes of such further Tranche shall be assigned a common code and ISIN.

Final Terms

Set out below is the form of Final Terms.

The Final Terms will contain the information items permitted under Article 22.4 of Commission Regulation (EC) No 809/2004, as amended (the "**Prospectus Regulation**").

Legend appearing on Implicit Yield Notes

The following legend will appear on all Notes and on all receipts and coupons relating to Implicit Yield Notes:

"THE SALE, TRANSFER, OR ACQUISITION OF IMPLICIT YIELD NOTES (AS DEFINED IN GENERAL CONDITION 2(j) OF THE NOTES), INCLUDING, BUT NOT LIMITED TO, ZERO COUPON NOTES, TO OR BY INDIVIDUALS (*PERSONAS FÍSICAS)* WHO ARE TAX RESIDENT IN SPAIN (EACH A "SPANISH INDIVIDUAL") IS FORBIDDEN IN ALL CASES. ANY TRANSFER OF IMPLICIT YIELD NOTES TO OR BY SPANISH INDIVIDUALS IS NOT PERMITTED AND SUCH TRANSFER WILL BE CONSIDERED NULL AND VOID BY THE ISSUER AND THE GUARANTOR. ACCORDINGLY, NEITHER THE ISSUER NOR THE GUARANTOR WILL RECOGNISE ANY SPANISH INDIVIDUAL AS AN OWNER OF IMPLICIT YIELD NOTES."

FORM OF GUARANTEE

THIS GUARANTEE is made on 18 June 2019 by **BANCO BILBAO VIZCAYA ARGENTARIA, S.A.** (the "**Guarantor**") in favour of the Relevant Account Holders (as defined in the Deed of Covenant referred to below) in relation to Underlying Notes (as defined in such Deed of Covenant) the holders for the time being of the Notes and, if applicable, the interest coupons (if any) appertaining to the Notes (Coupons), the Coupons being attached on issue to Definitive Bearer Note(s) (as defined below). Each Relevant Account Holder referred to above, each holder of a Note and each holder of a Coupon is a "**Holder**".

WHEREAS:

BBVA Global Markets B.V. (the "**Issuer**") and the Guarantor have entered into an Amended and Restated Programme Agreement (the "**Programme Agreement**", which expression includes the same as it may be amended, supplemented or restated from time to time) dated 18 June 2019 with, *inter alios*, the Dealers named therein under which the Issuer proposes from time to time to issue Notes;

the Issuer has executed a Deed of Covenant on 18 June 2019 (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; and

the Issuer and the Guarantor have entered into an Amended and Restated Agency Agreement (the "**Agency Agreement**", which expression includes the same as it may be amended, supplemented or restated from time to time) dated 18 June 2019 with, *inter alios*, Deutsche Bank AG, London Branch (the "**Principal Paying Agent**").

NOW THIS INSTRUMENT sets out the following provisions:

1 Guarantee

The Guarantor irrevocably and jointly and severally (*solidariamente*) guarantees to each Holder that, if for any reason, the Issuer does not comply with any of its economic obligations (in cash or in deliverable assets) payable or due by it to such Holder in respect of any Note or Coupon or (in respect of any Underlying Note) under the Deed of Covenant, 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) as and when the same shall become due under any of the foregoing, the Guarantor will pay to such Holder on demand the economic obligations (as to which the certificate of such Holder shall in the absence of manifest error be conclusive) payable or deliverable by the Issuer to such Holder.

2 Guarantor's 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 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 under any Note, any Coupon or (in respect of any Underlying Note) the Deed of Covenant. Furthermore, these obligations of the Guarantor are complementary 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 delivery (in case of Notes with physical delivery) 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 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 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 economic obligation (in cash or in deliverable assets) expressed to be payable or delivered (in case of Notes with physical

delivery) by the Issuer under any Note, any Coupon or (in respect of any Underlying Note) 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 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 payment and delivery (in case of Notes with physical delivery) obligations of the Guarantor under this Guarantee constitute direct, unconditional and unsecured obligations of the Guarantor and (subject as aforesaid) rank and will rank, *pari passu* with all other unsecured and unsubordinated obligations of the Guarantor.

7 Withholding or deduction

All payments and deliveries (in case of Notes with physical delivery) by the Guarantor under this Guarantee shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (the "**Taxes**") imposed or levied by or on behalf of the Kingdom of Spain ("**Spain**"), or any political sub-division thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by each Holder after such withholding or deduction shall equal the respective amounts which would have been received by them in the absence of the withholding or deduction; except that no additional amounts shall be payable:

7.1 to, or to a third party on behalf of, a Holder who is liable for such Taxes by reason of his having some connection with Spain other than the mere holding of the Note or Coupon or the mere crediting of Underlying Notes to its securities account with the Relevant Clearing System (as defined in the Deed of Covenant); or

7.2 in the case of a Note or Coupon presented for payment more than 30 days after the Relevant Date (as defined in General Condition 7 of the Terms and Conditions of the Notes) except to the extent that a Holder would have been entitled to additional amounts on presenting the same for payment on such thirtieth day; or

7.3 to, or to a third party on behalf of, a holder if the Guarantor does not receive any relevant information as may be required by Spanish tax law, regulation or binding ruling or in case the current information procedures are modified, amended or supplemented by any Spanish law, regulation or a binding ruling.

8 Power to execute

The Guarantor hereby warrants, represents and covenants with each Holder that it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Guarantee, and that this Guarantee constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms.

9 Deposit of Guarantee

This Guarantee shall take effect for the benefit of the Holders from time to time and for the time being. This Guarantee shall be deposited with and held by the Principal Paying Agent at its specified office (being at the date hereof at Winchester House, 1 Great Winchester Street, London EC2N 2DB) 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 to the production of, and the right of every Holder 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 that each Holder 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 (in respect of any Underlying Note) the Deed of Covenant have been irrevocably paid 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 Governing Law and Submission to Jurisdiction

This Guarantee and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, Spanish law.

FORM OF GUARANTEE

The Guarantor irrevocably agrees for the benefit of each Holder that the courts of Madrid, Spain 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 arising out of or in connection with this Guarantee (together referred to as "**Proceedings**") may be brought in the courts of Madrid, Spain.

The Guarantor irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any Proceedings in the courts of Madrid, Spain and irrevocably agrees that a final judgment in any Proceedings brought in the courts of Madrid, Spain shall be conclusive and binding upon the Guarantor and may be enforced in the courts of any other jurisdiction.

FORM OF GUARANTEE

IN WITNESS whereof this Guarantee has been manually executed on behalf of the Guarantor.

Executed by	)
BANCO BILBAO VIZCAYA	)
ARGENTARIA, S.A.	)
Name:	.....
Address:	.....
	.....

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

[*Date*]

BBVA GLOBAL MARKETS, B.V.

(*a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) incorporated under Dutch law with its seat in Amsterdam, the Netherlands but its tax residency in Spain*)

(as "**Issuer**")

Legal Entity Identifier ("**LEI**"): 213800L2COK1WB5Q3Z55

Issue of [*Aggregate Nominal Amount of Tranche*] [*Title of Notes*] (the "**Notes**")

under the €4,000,000,000

Structured Medium Term Note Programme

guaranteed by

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

(incorporated with limited liability in Spain)

(as "**Guarantor**")

[These Notes are not intended for, and are not to be offered to, the public in any jurisdiction of the EEA][2] OR ["The Notes are not intended to be offered, distributed or sold to any investor in the European Economic Area, and no person may offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by these Final Terms to any investor in the European Economic Area."][3]

Any person making or intending to make an offer of the Notes may only do so[:

(i) in those Non-exempt Offer Jurisdictions mentioned in Paragraph 9.6 of Part B below, provided such person is of a kind specified in that paragraph and that the offer is made during the Offer Period specified in that paragraph; or

(ii) otherwise,][4] in circumstances in which no obligation arises for the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

Neither the Issuer nor the Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

[5]**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS -** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as may be amended or replaced from time to time, "**MiFID II**"); (ii) a customer within the meaning of Directive 2016/97/EU (as amended or superseded, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as may be amended or replaced from time to time, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.]

[The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA other than in accordance with Regulation (EU) No 1286/2014 (the "**PRIIPs** ") and in each case in accordance with the additional requirements (if any) of the national

---

2 Insert where no public offer (in accordance with the Prospectus Directive) is intended.

3 Insert where the Notes are going to be sold only outside the EEA.

4 Delete where no public offer (in accordance with the Prospectus Directive) is intended.

5 Insert where Notes are not intended to be sold to retail investors.

competent authority in the relevant Member State. Pursuant to PRIIPs, any Member State may require the ex-ante notification of the key information document (the "**KID**") to the competent authority for PRIIPs marketed in that Member State (a "**Notification State**"). The Notes should not be offered, sold or otherwise made available to any retail investor in any such Notification State unless all relevant requirements in such Notification State have been first complied with. Where the Notification State requires a KID to be provided in a particular language, to the extent that BBVA has not already prepared a KID in such language, the Notes should not be offered, sold or otherwise made available to any retail investor in any such Notification State unless a KID has been prepared by Banco Bilbao Vizcaya Argentaria, S.A. in the relevant language. Responsibility for compliance with any ex-ante notification and any ongoing regulatory obligation in respect of such KID in such Notification State shall lie solely with the person offering, selling or otherwise making the Notes available in the Notification State. For these purposes, a "**retail investor"** means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC, as amended.][6]

MIFID II PRODUCT GOVERNANCE TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes, taking into account the five categories in item 18 of the Guidelines published by ESMA on 5 February 2018, has led to the conclusion that: (i) the target market for the Notes is eligible counterparties[,][and] professional clients [and retail clients], each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; and [(ii) all channels for distribution of the Notes are appropriate]]/ [ii] the following channels for distribution of the Notes are appropriate: [investment advice][,/ and] [portfolio management][,/ and][non advised sales][and pure execution services] [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate – [investment advice][,/ and] [portfolio management][,/ and][non advised sales][and pure execution services] [, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. [Consider any negative target market]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]].

PART A- CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the General Conditions of the Notes (and, together with the applicable Annex(es), the "**Conditions**") set forth in the Base Prospectus dated 18 June 2019 [and the supplement[s] to it dated [*date*] [and [*date*]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"). 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 the combination of these Final Terms and the Base Prospectus. [An issue specific summary of the Notes (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms][7]. The Base Prospectus has been published on the websites of Euronext Dublin (www.ise.ie) and the Central Bank of Ireland (http://www.centralbank.ie).

[8]Terms used herein shall be deemed to be defined as such for the purposes of the General Conditions of the Notes (and, together with the applicable Annex(es), the "**Conditions**") set forth in the Base Prospectus dated [*original date*] which are incorporated by reference in the Base Prospectus dated [*current date*]. 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 dated [*current date*] [and the supplement[s] to it dated [*date*] [and [*date*]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Base Prospectus**"), including the

---

6 Insert where the product is a PRIIP for which a KID will be prepared.

7 Include this wording if the Specified Denomination is less than €100,000 (or its equivalent in another currency).

8 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. *N.B. when using a post – 15 March 2015 approved Base Prospectus to tap a previous issue under a pre – 15 March 2015 approved Base Prospectus, the final terms in the post – 15 March 2015 Base Prospectus will take a different form due to the more restrictive approach to final terms. The Conditions of the original issue being tapped should be reviewed to ensure that they would not require the final terms documenting the further issue to include information which is no longer permitted in final terms. Where the final terms documenting the further issue would need to include such information, it will not be possible to tap using final terms and a drawdown prospectus (incorporating the original Conditions and final terms) will instead need to be prepared.*

FORM OF FINAL TERMS

Conditions incorporated by reference in the Base Prospectus. 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. A summary of the Notes (which comprises the summary in the Base Prospectus as completed to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Base Prospectus has been published on the websites of Euronext Dublin (www.ise.ie) and the Central Bank of Ireland (http://www.centralbank.ie).

[Investors should note that if a supplement to or an updated version of the Base Prospectus is published at any time during the Offer Period (as defined below), such supplement or updated Base Prospectus as the case may be, will be published and made available in accordance with the arrangements applied to the original publication of these Final Terms. Any investors who have indicated acceptances of the Offer (as defined below) prior to the date of approval of such supplement or updated version of the Base Prospectus, as the case may be (the "**Approval Date**"), have the right within two working days of the Approval Date to withdraw their acceptances.][9]

[The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or under any state securities laws, and the Notes may not be offered, sold, transferred, pledged, delivered, redeemed, directly or indirectly, at any time within the United States or to, or for the account or benefit of, or by, any U.S. person. Furthermore, the Notes do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the U.S. Commodity Exchange Act, as amended (the "**CEA**"), and trading in the Notes has not been approved by the U.S. Commodity Futures Trading Commission (the "**CFTC**") pursuant to the CEA, and no U.S. person may at any time trade or maintain a position in the Notes. For a description of the restrictions on offers and sales of the Notes, see "*Subscription and Sale*" in the Base Prospectus.

As used herein, "**U.S. person**" includes any "**U.S. person**" or person that is not a "**non-United States person**" as either such term may be defined in Regulation S or in regulations adopted under the CEA.][10]

[The Notes of these Final Terms may be considered structured products in Switzerland; they are not collective investment schemes within the meaning of the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). Accordingly, they are not subject to the supervision of the Swiss Financial Market Supervisory Authority, FINMA. and potential investors do not benefit from the specific investor protection provided under the CISA. Investors bear the credit risk of the Issuer and the Guarantor. [The Notes of these Final Terms are not being distributed to non-qualified investors in or from Switzerland and neither these Final Terms nor any offering materials relating to the Notes may be available to non-qualified investors in or from Switzerland. Distribution of the Notes in or from Switzerland is only made by way of private placement to, and is directed exclusively at, qualified investors (as defined in the CISA and its implementing ordinance).][11]][12]

Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms. Where the context so permits, Terms in these Final Terms may be attributed a numerical or letter suffix value when included hereon. Without limitation, the suffix can be denoted as "j", "k", "m", "q", "n", "t" or "i" and the term may be completed on the basis of the number or numbers represented by j, k, m, q, n, t or i, as chosen at the time of an issue of Notes. When applicable and in order to improve the reading and intelligibility of the formula(e) in the Final Terms, the applicable suffixes may be included, completed and explained and may be presented as a table, if necessary, in the Final Terms. Where the Final Terms specify that a table may be inserted, such table will set out amounts, entities, dates, items, rates, value levels, triggers, figures and other information which completes the definitions that appear in the relevant subparagraphs of the Final Terms, the Terms and Conditions of the Notes and the applicable Annex(es) to the Terms and Conditions of the Notes.

1.	(i)	Issuer:	BBVA Global Markets, B.V. (NIF: N0035575J)
	(ii)	Guarantor:	Banco Bilbao Vizcaya Argentaria, S.A. (NIF: A48265169)

[9] Include in respect of issues of Notes for which the offer period spans a supplement to the Base Prospectus or an update to the Base Prospectus.

[10] Include for Restricted Notes or Notes that have been determined to be permanently prohibited from being offered, sold, resold, transferred, pledged or delivered in the United States or to a U.S. person. In no event Notes to be offered or sold in the United States will be Book-Entry Notes.

[11] Delete where offer intended to non-qualified investors in or from Switzerland.

[12] Delete where no offer into Switzerland is intended.

	(iii)	Principal Paying Agent:	[Banco Bilbao Vizcaya Argentaria, S.A][Deutsche Bank AG, London Branch][*specify*]
	(iv)	Registrar:	[Deutsche Bank Luxembourg, S.A.][Deutsche Bank Trust Company Americas][Not applicable][Banco Bilbao Vizcaya Argentaria, S.A.][*specify*]
	(v)	Transfer Agent:	[Banco Bilbao Vizcaya Argentaria, S.A][Deutsche Bank Luxembourg, S.A.][Deutsche Bank Trust Company Americas][Not applicable][*specify*]
	(vi)	Calculation Agent:	[Banco Bilbao Vizcaya Argentaria, S.A.][*specify name*]
2.	(i)	Series Number:	[*specify*]
	(ii)	Tranche Number:	[*specify*]
	(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 Issue Date][exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 49 below, which is expected to occur on or about [*date*]][Not applicable]
	(iv)	Applicable Annex(es):	[Not applicable] [Annex 1: Payout Conditions] [Annex 2: Index Linked Conditions] [Annex 3: Equity Linked Conditions] [Annex 4: ETF Linked Conditions] [Annex 5: Fund Linked Conditions] [Annex 6: Inflation Linked Conditions] [Annex 7: Foreign Exchange (FX) Rate Linked Conditions] [Annex 8: Credit Linked Conditions] (*More than one Annex may apply.*)
3.		Specified Notes Currency or Currencies:	[*specify*] [(the "**SER Subject Currency**") for the purpose of the Specified Denomination and calculations [and payments other than those to which the Settlement Exchange Rate Provisions are specified to apply;] and (payments [to which the Settlement Exchange Rate Provisions are specified to apply] shall be made in [*specify*] (the "**Settlement Currency**").] [In respect of which payments to which the Settlement Exchange Rate Provisions and the SER Intermediated Currency Requirements are specified to apply, the "**SER Intermediate Currency**" is [*specify*].]

	(i)	UVR Inflation-Adjusted Notes[13]:	[Applicable][Not applicable]
		(a) UVR Equivalent of Aggregate Nominal Amount/Specified Denomination(s)/Calculation Amount as of the [Issue Date][*specify*]:	The [Aggregate Nominal Amount is equal to UVR [specify]] The [Specified Denomination is equal to UVR [specify]] [Calculation Amount is equal to UVR [specify]] [all these based on the UVR rate of [specify] in effect as of the [Issue Date]][*specify*].
		(b) Specified Number of COP/UVR Business Days:	[*specify*]
		(c) Initial UVR:	[*specify*]
4.	Aggregate Nominal Amount:		
	(i)	Series:	[*specify*] [The Notes are Partly Paid Notes] (*For Partly Paid Notes, specify the dates and amounts for the payment of aggregate nominal amount*) [see paragraph 46 below]
	(ii)	Tranche:	[*specify*]
5.	Issue Price:		[*specify*] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)] [converted into the Settlement Currency at the Initial SER, being [*specify amount*] in respect of the Aggregate Nominal Amount where "**Initial SER**" means [*specify*]]
6.	(i)	Specified Denomination(s):	[*specify*]
	(ii)	Minimum Tradable Amount:	[*specify*][Not applicable]
	(iii)	Calculation Amount:	[*specify*](*Insert the following in the case of Instalment Notes:*) (the "**Original Calculation Amount**") <u>minus</u>, for the purposes of any calculation by reference to the Calculation Amount on any day, the sum of the Instalment Amounts paid prior to the relevant day [save for the purposes of calculation of any [Interest Amount][Final Redemption Amount][Early Redemption Amount][Automatic Early Redemption Amount][Optional Redemption Amount][Entitlement Amount] [[payable][deliverable] on [*specify*]][for which purpose the Original Calculation Amount will apply] *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)* (*Where the Credit Linked provisions are not applicable to the [first, second etc] Instalment Amounts then the Original Calculation Amount minus the sum of such [first, second etc] Instalment Amounts should be used for the*

13 Delete if not applicable

			purposes of the Credit Linked provisions in paragraphs 9 and 28. Where the Credit Linked provisions apply to a portion of the Notes not subject to redemption by Instalments and /or for a specified period of time then such portion and/or specified period should be used for the purposes of the Credit Linked provisions and specified in paragraphs 10 and 29)
7.	(i)	Issue Date:	[*specify*]
	(ii)	Interest Commencement Date:	[*specify*][Issue Date][Not applicable] (*An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*)
	(iii)	Trade Date:	[*specify*]
8.	Maturity Date:		[The Interest Payment Date falling on or nearest to] [*specify*][or if that is not a Business Day the immediately [succeeding][preceding] Business Day [unless it would thereby fall into the next calendar month, in which event it will be brought forward to the immediately preceding Business Day] [*specify*] [(the "**Scheduled Maturity Date**")][or such [later] date for redemption determined as provided in the [[ETF Linked][Fund Linked][Credit Linked] Conditions] [but subject to Credit Linked Condition 1(g)]][or, in all circumstances if applicable, such later date for payment determined as provided in the Settlement Exchange Rate Provisions set out in Payout Condition 6]]
9.	Interest Basis:		[Not applicable][Applicable] (See Paragraph 16 below) [Applicable [•] per cent. per annum Fixed Rate] (*Where applicable specify one or more of the following*) [per cent.] [per annum] Fixed Rate] [[LIBOR][EURIBOR][*specify CMS Rate*][*specify*] +/- [*specify*] per cent.] Floating Rate] [Specified Interest Amount] (See paragraph 19 below) [Zero Coupon] [Reference Item Linked Interest: (*specify one or more of the following)* [Index Linked Interest] [Equity Linked Interest] [ETF Linked Interest] [Fund Linked Interest] [Inflation Linked Interest] [Foreign Exchange (FX) Rate Linked Interest]

		[Reference Item Rate Linked Interest] [Combination Interest]] [and converted into the Settlement Currency by reference to the applicable Settlement Exchange Rate] [only in the specific circumstances set out in the Interest Rate Payout Formula]]
10.	Redemption Basis:	[Redemption at [par][*specify*][see paragraph 29 (Final Redemption Amount:) below] [Index Linked Redemption] [Equity Linked Redemption] [ETF Linked Redemption] [Fund Linked Redemption] [Inflation Linked Redemption] [Foreign Exchange (FX) Rate Linked Redemption] [Credit Linked Redemption] [Reference Item Rate Linked Redemption] [Combination Redemption] [Instalment] (See paragraph 44 below) [and converted into the Settlement Currency by reference to the applicable Settlement Exchange Rate] [only in the specific circumstances set out in the Final Payout Formula] (See paragraph 13 below) [subject to Variation of Settlement, (see paragraph 47 below)] (*If the Final Redemption Amount is other than 100 per cent. of the nominal value on Issue the Notes may be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply*)
11.	Reference Item(s):	[*specify*] [See paragraph [*specify*] [Index][Basket of Indices][Share][Basket of Shares][Index][Indices][ETF][ETF Basket][Fund][Fund Basket][Subject Currency][Subject Currencies] Reference Item Rate][Reference Spread][Reference Entity(es)] below] (*Repeat if necessary*) [Not applicable]
12.	Put/Call Options:	[Not applicable] [Noteholder Put Option] [Issuer Call Option]

			[(see paragraph[s] [32][33] below]
13.	Settlement Exchange Rate Provisions:		[Not applicable][Applicable[in respect of][all payments][payments of [interest][principal]only][only those payments to which these Settlement Exchange Rate Provisions are specified to apply]] [(See paragraph[s] [*specify*] below)] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
	(i)	SER Intermediate Currency Requirements:	[Not applicable][Applicable[in respect of][all payments][payments of [interest][principal]only][only those payments to which these Settlement Exchange Rate Provisions and these SER Intermediate Currency Requirements are specified to apply]] Second Settlement Exchange Rate means [*specify*] SER Intermediate Currency means [*specify*]
	(ii)	Settlement Exchange Rate:	[*Specify rate*] (*if a rate is specified then delete the remaining subparagraphs of this paragraph*).
	(iii)	SER Valuation Date(s):	[*specify*] [SER Scheduled Trading Days prior to the [scheduled] [*specify each payment date*]] *(where different SER Valuation Dates apply to different payment dates, specify in respect of each applicable payment date)*
	(iv)	Provisions applicable to determining the Settlement Exchange Rate:	For the purpose of the definition of Settlement Exchange Rate in Payout Condition 6.3: SER Price Source: [in respect of the Settlement Exchange Rate:] [*specify*] [as per Payout Condition 6.3] SER Valuation Time: [in respect of the Settlement Exchange Rate:] [*specify*] [as per Payout Condition 6.3] SER Settlement Day Centre(s): [in respect of the Settlement Exchange Rate:] [*specify*] [as per Payout Condition 6.3]
	(v)	SER Disruption Events:	[Price Source Disruption] [Illiquidity Disruption] [Dual Exchange Rate] [General Inconvertibility] [General Non-Transferability] [Material Change in Circumstance]

		[Nationalisation] [Price Materiality, where: SER Price Materiality Percentage: [*specify*][3] per cent. SER Primary Rate: [*specify*][The rate determined as set out in the definition of Settlement Exchange Rate] SER Secondary Rate: [*specify*][SER First Fallback Reference Price [and]][SER Second Fallback Reference Price]] [as per Payout Conditions 6.1 and 6.2]
(vi)	SER Scheduled Trading Day City/Cities:	[*specify*] [as per Payout Condition 6.3]
(vii)	SER Disruption Fallbacks (for Price Source Disruption and Price Materiality only):	[The following Disruption Fallbacks apply in the following order: [Valuation Postponement] SER Number of Postponement Settlement Days: [[Two][specify]] [Business Days][SER Settlement Days] [specify] SER Maximum Days of Postponement: [specify] [First Fallback Reference Price, where: SER First Fallback Price Source: [*specify*] SER First Fallback Valuation Time: [*specify*] SER First Fallback Number of Settlement Days: [*specify*]] [Second Fallback Reference Price, where: SER Second Fallback Price Source: [*specify*] SER Second Fallback Valuation Time: [*specify*] SER Second Fallback Number of Settlement Days: [*specify*]] [Calculation Agent Determination] (*specify fallbacks required and arrange order in which to be applied*)] [as per Payout Condition 6.3]
(viii)	SER Cumulative Events:	[Not applicable][Applicable and Maximum Cumulative Days of Postponement means [*specify*]] [as per Payout Condition 6.1]
(ix)	SER Number of Settlement Days:	[Two][Zero][*specify other*] [where SER Settlement Day Centre(s) means [in respect of the Settlement Exchange Rate:] [*specify*] [and in respect of the Intermediate

			Exchange Rate: [*specify*]]]
			[as per Payout Condition 6.3]
	(x)	SER Additional Disruption Event:	(*Specify each of the following which applies*) [Change in Law] [Hedging Disruption] [Increased Cost of Hedging]
			[as per Payout Condition 6.2]
14.	Knock-in Event:		[Not applicable][Applicable: Knock-in Value is [greater than][greater than or equal to][less than][less than or equal to] the Knock-in[Barrier][[within][outside] [the Knock-in Range] (*Only applicable if a payment to be made in respect of the Notes is subject to a condition precedent that a Knock-in Event has occurred. If not applicable, delete the remaining sub-paragraphs of this paragraph*)
			[The Reference Item Rate [1][2] is [greater][less] than [or equal to] the Knock-in Barrier]
			(*Insert for Reference Item Linked Notes*)
	(i)	Knock-in Value:	[*insert definition from Payout Condition 5.1*]
	(ii)	Knock-in Barrier:	[*specify value or percentage*]
	(iii)	Knock-in Range:	From and [including][excluding] [*specify range of values, percentages, level, or prices etc*] to and [including][excluding] [*specify range of values, percentages, barrier etc*] [Not applicable]
	(iv)	Knock-in Determination Day(s):	[*specify*][Each Scheduled Trading Day in the Knock-in Determination Period][Not applicable]
			[In the event that a Knock-in Determination Day is a Disrupted Day, [Omission][Postponement][Modified Postponement] will apply.]
	(v)	Knock in Determination Period:	[*specify*][Not applicable]
	(vi)	Knock-in Period Beginning Date:	[*specify*]][Not applicable]
	(vii)	Knock-in Period Beginning Date Scheduled Trading Day Convention:	[Applicable][Not applicable]
	(viii)	Knock-in Period Ending Date:	[*specify*][Not applicable]
	(ix)	Knock-in Period Ending Date Scheduled Trading Day Convention:	[Applicable][Not applicable]
	(x)	Knock-in Valuation Time:	[*specify*][Scheduled Closing Time][Any time on a Knock-in Determination Day][Not applicable]
15.	Knock-out Event:		[Not applicable][Applicable: The Knock-out Value is [(i)][greater than][greater than or equal to][less than][less than or equal to] [the Knock-out [Barrier] [within][outside] the Knock-out Range]
			(*Only applicable if a payment to be made in respect of the Notes is subject to a condition precedent that a Knock-out*

		Event has occurred. If not applicable, delete the remaining sub-paragraphs of this paragraph)
		[The Reference Item Rate [1][2] is [greater][less] than [or equal to] the Knock-out Barrier]
		(*Insert for Reference Item Linked Notes*)
(i)	Knock-out Value:	[*insert definition from Payout Condition 5.1*]
(ii)	Knock-out Barrier:	[*specify value or percentage*]
(iii)	Knock-out Range:	From and [including][excluding] [*specify range of values, percentages, level, or prices etc*] to and [including][excluding] [*specify range of values, percentages, level, or prices etc*] [Not applicable]
(iv)	Knock-out Determination Day(s):	[[From and including][From and excluding][To and including][To but excluding][*specify*]]
		[*specify*][Each Scheduled Trading Day in the Knock-out Determination Period][Not applicable]
		[In the event that a Knock-out Determination Day is a Disrupted Day, [Omission][Postponement][Modified Postponement] will apply.]
(v)	Knock-out Determination Period:	[*specify*][Not applicable]
(vi)	Knock-out Period Beginning Date:	[*specify*][Not applicable]
(vii)	Knock-out Period Ending Date:	[*specify*][Not applicable]
(viii)	Knock-out Period Beginning Date Scheduled Trading Day Convention:	[Applicable][Not applicable]
(ix)	Knock-out Period Ending Date Scheduled Trading Day Convention:	[Applicable][Not applicable]
(x)	Knock-out Valuation Time:	[*specify*][Scheduled Closing Time][Any time on a Knock out Determination Day][Not applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	**Interest**:	[Applicable][Not applicable]
		(If not applicable, or in case of Specified Interest Amount, delete the remaining subparagraphs of this paragraph)
(i)	Interest Period End Date(s):	[*specify*][Not applicable][As per General Condition 4[(a)][(b)]]
(ii)	Business Day Convention for Interest Period End Date(s):	[Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention][Floating Rate Convention][Not applicable]
		(if unadjusted specify not applicable. If adjusted specify same Business Day Convention as for Interest Payment

		Dates)
(iii)	Interest Payment Date(s):	[*specify*] [or such later date for payment determined as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions][As defined in the relevant Interest Basis Provisions below]
(iv)	Business Day Convention for Interest Payment Date(s):	[Following Business Day Convention][Modified Following Business Day Convention][Preceding Business Day Convention][Floating Rate Convention][Not applicable] *(If a Business Day Convention is specified for Interest Period End Date(s), unless Interest Payment Date(s) is (are) expressed to be a number of Business Days after the relevant Interest Period End Final Date, Interest Payment Date(s) must be subject to the same Business Day Convention)*
(v)	Minimum Interest Rate:	[[*specify*][per cent.][per annum]][Not applicable] (*If a Minimum Interest Rate applies for each Interest Period, the Minimum Interest Rate shall be specified separately for each Interest Period*)
(vi)	Maximum Interest Rate:	[[*specify*][per cent.][per annum]][Not applicable] (*If a Maximum Interest Rate applies for each Interest Period, the Maximum Interest Rate shall be specified separately for each Interest Period.*)
(vii)	Day Count Fraction:	[30/360][Actual/Actual [(ICMA)][(ISDA)]] [Actual/365 [(Fixed)][(Sterling)]] [Actual/360] [30/360/] [360/360] [Bond Basis] [30E/360 [(ISDA)]] [Eurobond Basis] [1/1] [1] [Not applicable] (*Where Actual/Actual ICMA is applicable, insert Determination Date(s) below*) (*Repeat for each Interest Basis as necessary*)
(viii)	Determination Date(s):	[[*specify*][in each year]][Not applicable] *(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In which case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
(ix)	Rate of Interest:	[In respect of each Interest Payment Date [(from [*specify*] to [*specify*])][falling [on][during the period from and including] [*specify*] [to and including [*specify*]] only]][Not applicable**]]**the Rate of Interest shall be determined by the Calculation Agent [as][in accordance with the following formula(s)]: *(The above formulation may be repeated as necessary for each relevant interest type below)* [Fixed Rate]

[Floating Rate]

(In respect of the following, insert formula, relevant value(s) and other related definitions from Payout Condition 2.1 and relevant definitions from Payout Condition 5)

[Rate of Interest (i)]

[Rate of Interest (ii)]

[Rate of Interest (iii)]

[Rate of Interest (iv)]

[Rate of Interest (v)]

[Rate of Interest (vi)]

[Rate of Interest (vii)]

[Rate of Interest (viii) - Call]

[Rate of Interest (ix) - Put]

[Rate of Interest (x) – Range Accrual]

[Rate of Interest (xi) -Call Participation]

[Rate of Interest (xii) - Digital One Barrier]

[Rate of Interest (xiii) –Digital One Barrier Standard]

[Rate of Interest (xiv) – Strike Podium n Barriers]

[Rate of Interest (xv) – Partial Memory]

[Rate of Interest (xvi) – Memory]

[Rate of Interest (xvii) - Call with Individual Caps]

[Rate of Interest (xviii) – Cappuccino]

[Rate of Interest (xix) - Best Replace]

[Rate of Interest (xx) – Cliquet]

[Rate of Interest (xxi) - Cliquet Digital]

[Rate of Interest (xxii) - Cliquet Digital Lock in]

[Rate of Interest (xxiii) - Digital Coupon One Dual Condition]

[Rate of Interest (xxiv) - Digital Coupon Two Dual Conditions]

[Rate of Interest (xxv) – TARN]

[Rate of Interest (xxvi) – Ratchet]

[Rate of Interest (xxvii) – Multiplier]

[Rate of Interest (xxviii) –Count Barrier Condition]

[Rate of Interest (xxix) – Podium]

[Rate of Interest (xxx) – Compensation]

[Rate of Interest (xxxi) – Dual Currency Digital Coupon]

[Rate of Interest (xxxii) – Partial Consolidation]

[Rate of Interest (xxxiii) – Ulises]

[Rate of Interest (xxxiv) – Leonidas Range Accrual]

[Rate of Interest (xxxv) – Leonidas]

[Rate of Interest (xxxvi) – Branch]

[Rate of Interest (xxxvii) – Multiple Reverse]

[Option FX: Applicable] *(specify as applicable for each Rate of Interest where FX option is to apply)*

(*If the Rate or Interest is calculated by reference to Reference Items, Valuation Dates, Observation Dates etc. or is otherwise calculated differently in respect of each Interest Payment Date, above options may be repeated and numerical suffixes may be used to clarify which Reference Item, Rate of Interest, Valuation Date, Observation Date etc. applies in respect of the corresponding Interest Payment Date)*

17. Fixed Rate Note Provisions: [Applicable[, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [*specify*] [to and including [*specify*]] only]][Not applicable]

(In respect of Credit Linked Notes) [, [not] subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]

(If more than one fixed rate is to be determined repeat items (i) to (iii) of this paragraph for each such rate and, if Digital Coupon One Condition of Digital Coupon two Conditions apply distinguish between the Rate which is Rate A, the Rate which is Rate B and the Rate which is Rate C if applicable)

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

(i) Rate(s) of Interest: [[*specify*] [per cent. [per annum] payable [annually][semi-annually][quarterly][monthly] in arrear on each Interest Payment Date][Not applicable]

(*Amend appropriately in the case of irregular coupons*)

(ii) Fixed Coupon Amount(s): [[*specify*] per Calculation Amount][Not applicable]

	(iii)	Broken Amount(s):	[[*specify*] per Calculation Amount, payable on the Interest Payment Date[s] falling [in][on][*specify*]][Not applicable]
18.	**Floating Rate Note Provisions:**		[Applicable[, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [*specify*] [to and including [*specify*] only]][Not applicable] [for purposes only of determining the "Rate" element of the Rate of Interest specified in item 16(ix)] *(insert where "Rate of Interest (x) - Range Accrual" applies under item 16(ix)*) *(In respect of Credit Linked Notes)* [, [not] subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions] (*If more than one floating rate is to be determined, repeat items [Specify] to [Specify] for each such rate and, if Digital Coupon One Condition of Digital Coupon two Conditions apply distinguish between the Rate which is Rate A, the Rate which is Rate B and the Rate which is Rate C if applicable*) (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i)	Specified Period(s):	[*specify length of period*] [Not applicable]
	(ii)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination][ISDA Determination] (*further particulars specified below*)
	(iii)	Screen Rate Determination:	[Applicable][Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
		(a) Reference Rate:	[*specify period*] [month] [year] [LIBOR] [EURIBOR] [CMS Rate with a Designated Maturity of [*insert years*]][*specify* Government Bond Yield Rate][specify TEC Rate] [with a Designated Maturity of [*insert years*]]
		(b) Interest Determination Date(s):	[*specify*]
		(c) Specified Time:	[*specify*]
		(d) Relevant Screen Page:	[*specify*] (to be determined in accordance with General Condition 4(b)(iv) (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
	(iv)	ISDA Determination:	[Applicable][Not applicable]
		(a) Floating Rate Option:	[*specify*]
		(b) Designated Maturity:	[*specify*]
		(c) Reset Date:	[*specify*]

(v)	Linear Interpolation:	[Not applicable][Applicable - the Rate of Interest for the [long][short] [first][last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
(vi)	Margin(s):	[[+/-][*specify*][per cent][per annum][Not applicable] *(If a Margin applies for each Interest Period, the Margin shall be specified separately for each Interest Period)*
19.	**Specified Interest Amount Note Provisions:**	[Applicable][Not applicable] (*If not applicable delete the remaining subparagraphs of this paragraph)*
(i)	Specified Interest Amount(s):	[In respect of the [following] Specified Interest Payment Dates [from and including [[*specify*] to and including [*specify*]]], [*specify*] per Calculation Amount][See table [above][below]](*Insert table*) (*Note that for partially Credit-Linked Notes where the Specified Interest Amounts are not credit-linked, the amount specified per Calculation Amount should be the intended Specified Interest Amount per Calculation Amount multiplied by (1-Credit Multiplier).*) *(In respect of Credit Linked Notes)* [, [not] subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions] (*repeat as necessary*)
(ii)	Specified Interest Payment Date(s):	[*specify*][[Each][The] Interest Payment Date falling on or nearest to] [*specify*][from and including [the Interest Payment Date falling on or nearest to] [*specify*] to and including [the Interest Payment Date falling on or nearest to][*specify*]][, as adjusted in accordance with the Business Day Convention] [See table [above][below]](*Insert table*)
(iii)	Specified Interest Amount Multiplier:	[Not applicable] [*specify*][Credit Event Reduction Factor](*only include where relevant for Credit Linked Notes*)
(iv)	Business Day Convention	[*specify*] (*only include if necessary*)
20.	**Zero Coupon Note Provisions:**	[Applicable][Not applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*) *(In respect of Credit Linked Notes)* [, [not] subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]
(i)	Accrual Yield:	[*specify*] per cent. [per annum]
(ii)	Reference Price:	[*specify*] *(If a different Reference Price and/or Accrual Yield applies to each period, the Accrual Yield and/or Reference Price shall be specified separately for each such period*)

21.	**Index Linked Interest Provisions:**		[Applicable] [in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [*specify*] [to and including [*specify*] only][Not applicable] [for the purposes of determining the "Rate of Interest" specified in item 16(ix)] *(insert where "Rate of Interest (x) - Range Accrual" applies under item 16(ix))* (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) *(In respect of Credit Linked Notes)* [, [not] subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]
	(i) [Index][Basket of Indices]:		[The following Reference Item(s)[(k)] [(from [k] = 1 to [[k][*specify*])] will apply:] [Not applicable] [See table [above] [below]] [*Insert table*] [For [k]=1][specify][*insert description and, if relevant details of where investors can obtain information about the Index*][(see paragraph [specify])](*repeat as necessary*) [Composite][non Composite] [Weighting: [[Not applicable]] [[*specify*] [Each such Weighting shall be subject to adjustment in accordance with the Index Linked Conditions]]
	(ii) Exchange(s) and Index Sponsor:	(a)	[the relevant Exchange[s] [is][are]] [there are no relevant Exchanges] [*specify*]; and (b) the relevant Index Sponsor is [*specify*].] [See table [above][below]]
	(iii) Related Exchange:		[*specify*][All Exchanges]
	(iv) Screen Page:		[*specify*][See table [above][below]]
	(v) [Strike Date] [Strike Period and Strike Days]:		[*specify*][Not applicable] [*specify applicable Strike Days in the period if applicable*] [See table [above][below]]
	(vi) Averaging:		[Not applicable][Averaging [applies] to the Notes]. [The Averaging Dates are [*specify*].] [See paragraph [*specify*] above][See table [above] [below]] [In the event that an Averaging Date is a Disrupted Day Omission][Postponement][Modified Postponement] will apply.]
	(vii) Interest Payment Date(s):		[*specify*][See table [above][below]][*Insert table*][or such later date as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]
	(viii) [Coupon Valuation [Date(s)][Period(s)]]:		[*specify*][See table [above][below]] [or such later date as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]
	(ix) Coupon Valuation Time:		[Scheduled Closing Time][Any time [on the relevant Coupon Valuation Date][during the Coupon Valuation

		Period] [[specify], being the time specified on the relevant [Coupon Valuation Date] [Observation Date] or an Averaging Date, as the case may be, for the calculation of the [Index Linked Interest Amount] (*If no time is specified, the Coupon Valuation Time will be the Scheduled Closing Time*)
(x)	[Observation Date(s)][Observation Period(s)]:	[*specify*][Not applicable][See table [above][below]] [In the event that an Observation Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply.]
(xi)	Exchange Business Day:	[(All Indices Basis)][(Per Index Basis)][(Single Index Basis)][(Cross Asset Basis)]]
(xii)	Scheduled Trading Day:	[(All Indices Basis)][(Per Index Basis)][(Single Index Basis)][(Cross Asset Basis)] (*must match election made for Exchange Business Day*)
(xiii)	Index Correction Period:	[As set out in Index Linked Condition 7][*specify*]
(xiv)	Specified Maximum Days of Disruption:	[*specify*][five][Scheduled Trading Days][Not applicable]
(xv)	Additional Disruption Events:	[Not applicable] [As per the Index Linked Conditions] [The following Additional Disruption Events apply to the Notes:] (*Specify each of the following which applies*) [Hedging Disruption] [Increased Cost of Hedging] [Increased Cost of Stock Borrow] [Loss of Stock Borrow] [Change in Law: Not applicable] [The Maximum Stock Loan Rate in respect of [*specify*] is [*specify*]] (*Only applicable if Loss of Stock Borrow is applicable*) [The Initial Stock Loan rate in respect of [*specify*] is [*specify*] (*Only applicable if Increased Cost is Stock Borrow is applicable*)
22.	**Equity Linked Interest Provisions:**	[Applicable [, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [*specify*] [to and including [*specify*]] only]][Not applicable] [for the purposes of determining the "Rate of Interest" specified in item 16(ix)] *(insert where "Rate of Interest (x) - Range Accrual" applies under item 16(ix))* (*If not applicable, delete the remaining subparagraphs of*

		this paragraph) *(In respect of Credit Linked Notes)* [, [not] subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]
(i)	[Share(s)][Share Company][Basket of Shares][Basket Company]:	The following Reference Item(s)[(k)] [(from [k] = 1 to [[k][*specify*])] will apply:] [Not applicable] [See table [above] [below]] [*Insert table*] [For [k]=1][specify][*insert description*][(see paragraph [specify])](*repeat as necessary*) [Weighting: [[Not applicable]] [[*specify*][Each such Weighting shall be subject to adjustment in accordance with the Equity Linked Conditions]]
(ii)	Share Currency:	[*specify*] [See table [above][below]]
(iii)	ISIN of Share(s):	[*specify*] [See table [above][below]]
(iv)	Screen Page:	[*specify*] [See table [above][below]]
(v)	Exchange(s):	[*specify*] [See table [above][below]]
(vi)	Related Exchange(s):	[*specify*][All Exchanges]
(vii)	Depositary Receipt provisions:	[Applicable][Not applicable][For Reference Item k=[*specify*][and k=[*specify*]]
	(a) Details of share:	[*specify name and ISIN code of the share to which the relevant Depository Receipts relate*]
	(b) Share Exchange:	[*specify*]
(viii)	[Strike Date] [Strike Period and Strike Days]:	[*specify*][Not applicable] [*specify applicable Strike Days in the period if applicable*] [See table [above][below]]
(ix)	Averaging:	[Not applicable][Averaging applies to the Notes. The Averaging Dates are [*specify*].] [See paragraph [*specify*] above] [See table [above][below]] [In the event that an Averaging Date is a Disrupted Day, [Omission][Postponement][Modified Postponement] will apply]
(x)	Interest Payment Date(s):	[*specify*] [See table [above][below]] [*Insert table*] [or such later date as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]
(xi)	[Coupon Valuation [Date(s)][Period(s)]]:	[*specify*][See table [above][below] [or such later date as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]
(xii)	Coupon Valuation Time:	[Scheduled Closing Time][Any time [on the relevant Coupon Valuation Date][during the Coupon Valuation Period]] [[*specify*], being the time specified on the relevant [Coupon Valuation Date][Observation Date] or an Averaging Date, as the case may be, for the calculation of

		the [Equity Linked Interest Amount] (*If no time is specified, the Coupon Valuation Time will be the Scheduled Closing Time*)
(xiii)	[Observation Date(s)][Observation Period(s)]:	[*specify*][Not applicable][See table [above][below]] [In the event that an Observation Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply.]
(xiv)	Exchange Business Day:	[(All Shares Basis)][(Per Share Basis)][(Single Share Basis)][(Cross Asset Basis)]
(xv)	Scheduled Trading Day:	[(All Shares Basis)][(Per Share Basis)][(Single Share Basis)][(Cross Asset Basis)] *(Must match election for Exchange Business Day)*
(xvi)	Share Correction Period:	[As set out in Equity Linked Condition 8][*specify*]
(xvii)	Specified Maximum Days of Disruption:	[*specify*][five][Scheduled Trading Days][Not applicable]
(xviii)	Extraordinary Events:	[Not applicable][As per the Equity Linked Conditions][In addition to De-Listing, Insolvency, Merger Event, Tender Offer unless Tender Offer (specified below as not applicable) and Nationalisation, the following Extraordinary Events apply to the Notes: (*specify each of the following which applies*) [Listing Change] [Listing Suspension] [Illiquidity] [Tender Offer: Not applicable]
(xix)	Additional Disruption Events:	[Not applicable][As per the Equity Linked Conditions][The following Additional Disruption Events apply to the Notes:] (*Specify each of the following which applies*) [Hedging Disruption] [Insolvency Filing] [Increased Cost of Hedging] [Increased Cost of Stock Borrow] [Loss of Stock Borrow] [Stop-Loss Event] [Stop-Loss Event Percentage: [*specify*] per cent.]

			[Change in Law: Not applicable] [The Maximum Stock Loan Rate in respect of [*specify in relation to each relevant Share*] is [*specify*]] (*Only applicable if Loss of Stock Borrow is applicable*) [[The Initial Stock Loan rate in respect of [specify in relation to each relevant Share] is [*specify*]] (*Only applicable if Increased Cost of Stock Borrow is applicable*)]
23.	**ETF Linked Interest Provisions:**		[Applicable [, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [*specify*] [to and including [*specify*]] only]][Not applicable] [for the purposes of determining the "Rate of Interest" specified in item 16(ix)] *(insert where "Rate of Interest (x) - Range Accrual" applies under item 16(ix))*, (*If not applicable, delete the remaining subparagraphs of this paragraph*) *(In respect of Credit Linked Notes)* [, [not] subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]
	(i)	[ETF(s)]/[ETF Basket]:	The following Reference Item(s)[(k)] [(from [k] = 1 to [[k][*specify*])] will apply:] [Not applicable] [See table [above][below]] [*Insert table*] [For [k]=1][*specify*][*insert description*][(see paragraph [*specify*])](*repeat as necessary*) [Weighting: [[Not Applicable]] [[*specify*] [Each such Weighting shall be subject to adjustment in accordance with the ETF Linked Conditions]]
	(ii)	ETF Share Currency:	[*specify*] [See table [above][below]]
	(iii)	ISIN of ETF Share(s):	[*specify*] [See table [above][below]]
	(iv)	Screen Page:	[*specify*] [See table [above][below]]
	(v)	Exchange(s):	[*specify*][Not applicable] [See table [above][below]]
	(vi)	Related Exchange(s):	[*specify*][All Exchanges][Not applicable]
	(vii)	[Strike Date] [Strike Period and Strike Days]:	[*specify*][Not applicable] [*specify applicable Strike Days in the period if applicable*][See table [above][below]]
	(viii)	Averaging:	[Not applicable][Averaging [applies] to the Notes]. [The Averaging Dates are [*specify*].] [See paragraph [*specify*] above][See table [above][below]] [In the event that an Averaging Date is a [Disrupted Day], [Omission][Postponement][Modified Postponement] will apply]
	(ix)	Interest Payment Dates(s):	[*specify*] [See table [above][below]] [*insert table*] [or such later date as provided in the Settlement Exchange Rate

		Provisions set out in Condition 6 of the Payout Conditions]
(x)	[Coupon Valuation [Date(s)][Period(s)]]:	[*specify*] [See table [above][below] [or such later date as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]
(xi)	Coupon Valuation Time:	[Scheduled Closing Time][Any time [on the relevant Coupon Valuation Date][during the Coupon Valuation Period]] [[*specify*], being the time specified on the relevant [Coupon Valuation Date] [Observation Date] or an Averaging Date, as the case may be, for the calculation of the [ETF Linked Interest Amount] (*If no time is specified, the Coupon Valuation Time will be the close of trading on the Exchange*)
(xii)	[Observation Date(s)][Observation Period(s)]:	[*specify*][Not applicable][See table [above][below]] [In the event that an Observation Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply.]
(xiii)	Exchange Business Day:	[[(All ETF Shares Basis)][[(Per ETF Shares Basis)]][(Single ETF Share Basis)]][(Cross Asset Basis)]]
(xiv)	Scheduled Trading Day:	[[(All ETF Share Basis)]][[(Per ETF Share Basis)]][(Single ETF Share Basis)]][(Cross Asset Basis)]]
(xv)	ETF Share Correction Period:	[*specify*]
(xvi)	Specified Maximum Days of Disruption:	[Not applicable][*specify*][five][Scheduled Trading Days]
(xvii)	Extraordinary ETF Events:	[As set out in ETF Linked Condition 2(b)] [*specify*]
(xxiv)	Additional Extraordinary ETF Events:	[Not applicable][As per the ETF Linked Conditions][The following Additional Extraordinary ETF Events apply to the Notes: (*Specify each of the following which applies*) [Hedging Disruption] [Increased Cost of Hedging] [Change in Law: Not applicable] [Increased Cost of Stock Borrow] [Insolvency Filing] [Stop-Loss Event] [Stop-Loss Event Percentage: [*specify*] per cent.] [The Maximum Stock Loan Rate in respect of [*specify* in relation to each relevant ETF Share] is [*specify*]] (*Only applicable if Loss of Stock Borrow is applicable*) [[The Initial Stock Loan rate in respect of [specify in

			relation to each relevant ETF Share] is [*specify*]] (*Only applicable if Increased Cost of Stock Borrow is applicable*)]
			[Tender Offer: Not applicable]
24.	**Fund Linked Interest Provisions:**		[Applicable [, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [*specify*] [to and including [*specify*]] only]][Not applicable] [for the purposes of determining the "Rate of Interest" specified in item 16(ix)] *(insert where "Rate of Interest (x) - Range Accrual" applies under item 16(ix))*,
			(*If not applicable, delete the remaining subparagraphs of this paragraph*)
			(In respect of Credit Linked Notes) [, [not] subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]
	(i)	[Fund(s)]/[Fund Basket(s)]:	The following Reference Item(s)[(k)] [(from [k] = 1 to [[k][*specify*])] will apply:] [Not applicable] [See table [above][below]] [*Insert table*]
			[For [k]=1][*specify*][*insert description*][(see paragraph [*specify*])](*repeat as necessary*)
			[The NAV per Fund Share will be published on [*specify*]]
			(*The Fund must be a UCITS Fund or an investment fund authorised by the Central Bank of Ireland or the Competent Authority of another EU Member State deemed equivalent by Euronext Dublin*)
			[Weighting: [[Not Applicable]] [[*specify*] [Each such Weighting shall be subject to adjustment in accordance with the [Fund Linked Conditions]]
	(ii)	[Fund Shares]:	[*specify*][a unit of the relevant Fund] [See table [above][below]]
	(iii)	Averaging:	[Not applicable][Averaging [applies] to the Notes]. [The Averaging Dates are [*specify*].] [See paragraph [*specify*] above][See table [above][below]]
			[In the event that an Averaging Date is a Fund Non-Valuation Date, [Omission][Postponement][Modified Postponement] will apply]
	(iv)	Interest Payment Date(s):	[*specify*] [See table [above][below]] [*insert table*] [or such later date as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]
	(v)	[Coupon Valuation [Date(s)][Period(s)]]:	[*specify*] [See table [above][below] [or such later date as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]
	(vi)	[Observation Date(s)][Observation Period(s)]:	[*specify*][Not applicable][See table [above][below]]
			[In the event that an Observation Date is a Fund-Non Valuation Date [Omission][Postponement][Modified

			Postponement] will apply.]
(vii)	Fund Business Day:		[*specify*][(All Fund Share Basis)][(Per Fund Share Basis)][(Single Fund Share Basis)]] [As per the Fund Linked Conditions]
(viii)	Initial Calculation Dates:		
	(a)	Initial Calculation Day:	[*specify*] [Not applicable]
	(b)	Initial Calculation Date:	[*specify*] [Not applicable]
	(c)	Initial Calculation Period:	[*specify*] [Not applicable]
(ix)	Final Calculation Date:		[*specify*] [Not applicable]
(x)	Calculation Date(s):		[*specify*] [Not applicable]
(xi)	Extraordinary Fund Events:		[As set out in Fund Linked Condition 1] [*specify*]
	(a)	NAV Barrier:	[*specify*][Not applicable]
	(b)	NAV Trigger Percentage:	[*specify*][As set out in Fund Linked Condition 6] [Not applicable]
	(c)	NAV Trigger Period:	[*specify*][As set out in Fund Linked Condition 6] [Not applicable]
	(d)	Number of NAV Publication Days:	[*specify*][As set out in Fund Linked Condition 6] [Not applicable]
	(e)	Basket Trigger Level:	[*specify*][As set out in Fund Linked Condition 6] [Not applicable]
(xii)	Additional Extraordinary Fund Events:		[Not applicable][As per the Fund Linked Conditions][The following Additional Extraordinary Fund Events apply to the Notes: (*Specify each of the following which applies*) [Hedging Disruption] [Increased Cost of Hedging] [Change in Law: Not applicable]
(xiii)	Delayed Payment Cut-Off Date:		[As set out in Fund Linked Condition 3][*specify*]
25.	**Inflation Linked Interest Provisions:**		[Applicable [, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [*specify*] [to and including [*specify*]] only]][Not applicable][for the purposes of determining the "Rate of Interest" specified in item 16(ix)] *(insert where "Rate of Interest (x) - Range Accrual" applies under item 16(ix))* *(In respect of Credit Linked Notes)* [, [not] subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]

		(If not applicable, delete the remaining sub-paragraphs of this paragraph) *(If more than one Inflation Rate is to be determined, repeat items (i) to (ix) for each such Inflation Rate and, if Digital Coupon One Condition of Digital Coupon two Conditions apply distinguish between the Rate which is Rate A, the Rate which is Rate B and the Rate which is Rate C if applicable)*
(i)	[Index][Indices][Basket of each Inflation Index]	[*specify*] [Reference Item[s][(k)]] *(Set out each Index level and insert "in respect of [specify date]" following each Index level)*
(ii)	Screen Page/Exchange/ CODE:	[*specify*]
(iii)	Index Sponsor:	[*specify*]
(iv)	Cut-Off Date:	[As per the Inflation Linked Conditions][*specify*]
(v)	Related Bond:	[*specify*][Fallback Bond][Not applicable]
(vi)	Fallback Bond:	[Applicable][Not applicable]
(vii)	Related Bond Redemption Event:	[Applicable][Not applicable]
(viii)	[Strike Date] [Strike Period and Strike Days]:	[*specify*][Not applicable] [*specify applicable Strike Days in the period if applicable*]
(ix)	Reference Month:	[*specify*][Not applicable]
(x)	Determination Date	[*specify*][Not applicable]
(xi)	Additional Disruption Events:	[Not applicable][As per the Inflation Linked Conditions][The following Additional Disruption Events apply to the Notes: (*Specify each of the following which applies*) [Hedging Disruption] [Increased Cost of Hedging] [Change in Law: Not applicable]
26.	**Foreign Exchange (FX) Rate Linked Interest Provisions:**	[Applicable [, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [*specify*] [to and including [*specify*]] only]][Not applicable] [for the purposes of determining the "Rate of Interest" specified in item 16(ix)] *(insert where "Rate of Interest (x) - Range Accrual" applies under item 15(ix)*) [For the purpose of determining the "RI FX Level" specified in item 16(ix)] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

		(*In respect of Credit Linked Notes*) [, [not] subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]
(i)	Base Currency:	[*specify*][Not applicable][For Reference Item[(k)]: [*insert*]]
(ii)	Subject Currency/Currencies:	[*specify*][Not applicable][For Reference Item[(k)]: [*insert*]] [and EM Foreign Exchange Rate Provisions apply to such Subject Currency]
(iii)	[Strike Date] [Strike Period and Strike Days]:	[*specify*][Not applicable] [*specify applicable Strike Days in the period if applicable*][See table [above][below]]
(iv)	Averaging:	[Not applicable][Averaging [applies] to the Notes]. [The Averaging Dates are [*specify*].] [See paragraph [*specify*] above][See table [above] [below] [In the event that an Averaging Date is a Disrupted Day, [Omission][Postponement][Modified Postponement] will apply]
(v)	Interest Payment Date(s):	[*specify*] [See table [above][below]] [*Insert table*] [or such later date as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]
(vi)	[Coupon Valuation [Date(s)][Period(s)]]:	[*specify*][See table [above][below] [or such later date as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]
(vii)	[Observation Date(s)][Observation Period]:	[*specify*][Not applicable][See table [above][below]] [In the event that an Observation Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply.]
(viii)	Provisions applicable where EM Foreign Exchange (FX) Rate Provisions do not apply to a Settlement Currency:	[Applicable [in respect of[*specify Subject Currencies to which these provisions apply where there is a Basket*]]][Not applicable] (*Where applicable for more than one Subject Currency, complete as relevant for each such Subject Currency*)
	(a) Relevant Screen Page:	[*specify*][Not applicable]
	(b) Price Source:	[*specify*]
	(c) Valuation Time:	[*specify*][As per Foreign Exchange (FX) Rate Linked Note Condition 7]
	(d) Disruption Events:	[Price Source Disruption] [Illiquidity Disruption] [Dual Exchange Rate] [General Inconvertibility] [General Non-Transferability] [Material Change in Circumstances] [Nationalisation]

(Specify in respect of each Subject Currency where Non-EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different Disruption Events (or components thereof) also apply thereto).

(e) Specified Maximum Days of Disruption: [*specify*][five][Scheduled Trading Days][Not applicable]

(ix) Provisions applicable where EM Foreign Exchange (FX) Rate Provisions apply: [Applicable [in respect of[*specify Subject Currencies to which these provisions apply where there is a Basket*]]][Not applicable]

(*Where applicable for more than one Subject Currency, complete as relevant for each such Subject Currency*)

(a) Provisions applicable to determining the Settlement Price: For the purpose of the definition of Settlement Price in Foreign Exchange (FX) Rate Linked Note Condition 7 [and [*specify the relevant Subject Currency where more than one Subject Currency*]]:

EM FX Price Source: [*specify*]

EM Valuation Time: [*specify*]

EM Scheduled Trading Day Jurisdiction: [*specify*]

(b) EM Disruption Events: [Price Source Disruption]

[Illiquidity Disruption]

[Dual Exchange Rate]

[General Inconvertibility]

[General Non-Transferability]

[Material Change in Circumstance]

[Nationalisation]

[Price Materiality, where:

EM Price Materiality Percentage: [*specify*][3] per cent.

EM Primary Rate: [*specify*][The rate determined as set out in the definition of Settlement Price]

EM Secondary Rate: *[specify]*[[EM First Fallback Reference Price [and]][EM Second Fallback Reference Price]]

(*Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different EM Disruption Events (or components thereof*) *also apply thereto)*

(c) EM Disruption Fallbacks: [EM Calculation Agent Determination]

[EM First Fallback Reference Price, where:

First Fallback EM FX Price Source: [*specify*]

First Fallback EM Valuation Time: [*specify*]

First Fallback EM Number of Settlement Days:

		[*specify*]] [EM Second Fallback Reference Price, where: Second Fallback EM FX Price Source: [*specify*] Second Fallback EM Valuation Time: [*specify*] Second Fallback EM Number of Settlement Days: [*specify*]] [EM Valuation Postponement] (*Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different EM Disruption Fallbacks (or components thereof) also apply thereto)*
(d)	EM Maximum Days of Postponement:	[*specify*] (*Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different EM Disruption Fallbacks (or components thereof) also apply thereto*)
(e)	EM Cumulative Events:	[Not applicable][Applicable and EM Maximum Cumulative Days of Postponement means [*specify*]] (*Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different EM Disruption Fallbacks (or components thereof) also apply thereto*)
(f)	EM Number of Settlement Days:	[Two][Zero][*specify other*] [where SER Settlement Day Centre(s) means [*specify*]]
(g)	EM Number of Postponement Settlement Days:	[[Two][*specify*]] [Business Days][EM Settlement Days] [*specify*]
(x)	Additional Disruption Events:	[Not applicable]][As per the Foreign Exchange (FX) Rate Linked Conditions] [The following Additional Disruption Events apply to the Notes:] (*Specify each of the following which applies*) [Hedging Disruption] [Increased Cost of Hedging] [Change in Law: Not applicable]
27.	**Reference Item Rate Linked Interest:**	[Applicable [, in respect of [the][each] Interest Payment Date[s] falling [on][during the period from and including] [*specify*] [to and including] [*specify*] only][Not applicable] [for the purposes of determining the "Rate of Interest" specified in item 16(ix)] *(insert where "Rate of Interest (x) - Range Accrual" applies under item 16(ix))* *(In respect of Credit Linked Notes)* [, [not] subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]

			[The [Floating][Fixed] Rate Note Provisions shall apply. For the purposes of determining the Reference Item Rate on the basis of elections in this paragraph] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) *(If more than one Reference Item Rate is to be determined, include the following language: "Reference Item Rate [specify] is as follows:" and repeat items (i) to (vi)) below for each such Reference Item Rate)*
(i)	Screen Rate Determination:		[Applicable][Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Reference Item Rate:	[*specify period*] [month] [year] [LIBOR] [EURIBOR] [CMS Rate with a Designated Maturity of [*insert years*]][*specify* Government Bond Yield Rate][specify TEC Rate] [with a Designated Maturity of [*insert years*]]
	(b)	Interest Determination Date(s):	[*specify*]
	(c)	Specified Time:	[*specify*]
	(d)	Relevant Screen Page:	[*specify*] *(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
(ii)	ISDA Determination:		[Applicable][Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Floating Rate Option:	[*specify*]
	(b)	Designated Maturity:	[*specify*]
	(c)	Reset Date:	[*specify*]
(iii)	Reference Item Spread:		[Reference Item Rate 1 minus Reference Item Rate 2][Not applicable] [See paragraph [*specify*][above][below] (*If a Reference Spread applies for each Interest Period, the Reference Spread shall be specified separately for each Interest Period.*)
(iv)	[Coupon Valuation [Date(s)][Period(s)]]:		[*specify*][or such later date as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]
(v)	Range Accrual Cut-Off Date:		[*specify*] [See paragraph [*specify*][above][below][Not applicable]

	(vi) Business Day:	As used in this item and for the purpose of determining the Reference Item Rate only, "**Business Day**" means [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 [*specify*] [A Target Settlement Day][[a "U.S. Government Securities Business Day", being any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for the purposes of trading in U.S. government securities.] [Not applicable]
28.	**Combination Note Interest:**	[Applicable][Not applicable] (*Applicable in relation to Interest linked to a combination of types of Reference Items*) (*If applicable, complete relevant prompts from Paragraphs 16 to 27*)

PROVISIONS RELATING TO REDEMPTION

29.	**Final Redemption Amount:**	[Redemption at par][Calculation Amount * [*specify*] per cent.][Calculation Amount * Final Payout][, subject to [*specify*][the application of the Settlement Exchange Rate Provisions[in the specified circumstances set out in the Final Payout Formula only]]]
30.	**Final Payout:**	[Applicable][Not applicable] *(If applicable, in respect of the following, insert formula from Payout Condition 2.2 and relevant definitions from Payout Condition 5)(If not applicable, delete remaining subparagraphs of this paragraph)* [Redemption (i)] [Redemption (ii) - Call] [Redemption (iii) - Put] [Redemption (iv)] – Digital] [Redemption (v) - Digital with Knock-in] [Redemption (vi) – Strike Podium n Conditions] [Redemption (vii) – Knock-in] [Redemption (viii) – Knock-in Standard] [Redemption (ix) – Knock-in Put Leverage] [Redemption (x) – Barrier and Knock-in Standard]

		[Redemption (xi) – Barrier and Knock-in]
		[Redemption (xii) – Barrier and Knock-in Put Leverage]
		[Redemption (xiii) – Twin Win]
		[Redemption (xiv) – Himalaya]
		[Redemption (xv) - Booster]
		[Redemption (xvi) – Bonus]
		[Redemption (xvii) – Dual Currency Digital]
		[Redemption (xviii) – Count Barrier Condition]
		[Redemption (xix) – Accumulation]
31.	**Automatic Early Redemption:**	[Applicable][Not applicable]
		(If applicable, specify one of the following)
		[ST Automatic Early Redemption][Target Automatic Early Redemption] (*always insert 'Target Automatic Early Redemption Event' in relation to Accumulated Coupon*)
		(*If not applicable, delete the* remaining *sub-paragraphs of this paragraph*)
(i)	Automatic Early Redemption Event:	[In respect of [any][all] Automatic Early Redemption Valuation Date[s] [from (i)=[*specify*] to (i)=[*specify*]] [for [each][the][relevant][any][all] Automatic Early Redemption Valuation Period[s] [from ([i])=[*specify*] to ([i])=[*specify*]] [,the] AER Value is: [greater than][greater than or equal to][less than][less than or equal to] the Automatic Early Redemption Trigger][within][outside] [the Automatic Early Redemption Range]
		(*repeat as necessary*)
(ii)	AER Value:	[*insert relevant value definition and where applicable relevant definitions from Payout Condition 5.1 and 5.2*]
(iii)	Automatic Early Redemption Amount:	The Automatic Early Redemption Amount shall be determined in accordance with the following formula:
		(*Insert relevant formula from payout annex*)
(iv)	Automatic Early Redemption Trigger:	[[*specify*][per cent.]][Not applicable][See table [above][below]][*Insert table*]
(v)	Automatic Early Redemption Range:	From and [including][excluding][specify range of values, percentages, level, or prices etc] to and [including][excluding] [specify range of values, percentages, level, or prices etc][Not applicable] [See table [above][below]]
(vi)	AER Percentage:	[*specify*] per cent.][Not applicable] [See table [above][below]]

		(*insert where ST Automatic Early Redemption applies*)
(vii)	Automatic Early Redemption Date(s):	[*specify*][The date falling [*specify*] Business Days following [each][the] Automatic Early Redemption [Date][Period] in respect of which an Automatic Early Redemption Event has occurred] [or such later date for payment determined as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]] [See table [above][below]]
(viii)	AER Additional Rate:	[AER Rate][*Insert relevant provisions from Payout Condition 5.1*][Not applicable] [AER Rate DCF][*Insert relevant provisions from Conditions*] [AER Rate MT][*Insert relevant provisions from Conditions*] [See table [above][below]]
(ix)	[(i)] Automatic Early Redemption Valuation Date(s):	[*specify*] [Each [*specify*] [Scheduled Trading Day] falling within the [relevant] Automatic Early Redemption Valuation Period] [See table [above][below]] (*repeat as necessary*)
(x)	[(ii) Automatic Early Redemption Valuation Period(s):]	[[from (i)=[*specify*] to [*specify*] [Each][The] period from [and including][but excluding][*specify*], to [and including][but excluding][*specify*] [See table [above][below]] (*repeat as necessary*)
(xi)	Automatic Early Redemption Valuation Time:	[*specify*][Scheduled Closing Time][Any time [on the relevant Automatic Early Redemption Valuation Date][during the Automatic Early Redemption Valuation Period][Not applicable]
(xii)	Averaging:	[Not applicable][Averaging [applies] to the Notes]. [The Averaging Dates are [*specify*].] [See paragraph [*specify*] above][See table [above][below]] [In the event that an Averaging Date is a Disrupted Day, [Omission][Postponement][Modified Postponement] will apply] [[Specified Maximum Days of Disruption will be equal to: [*specify*][five]] (*If not Specific Maximum Days of Disruption are stated, Specific Maximum Days of Disruption will be equal to five*)
32.	**Issuer Call Option:**	[Applicable][Not applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(i)	Optional Redemption Date(s):	[*specify*] [or such later date for payment determined as

			provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]]
	(ii)	Optional Redemption Valuation Date(s):	[*specify*][Not applicable]
	(iii)	Optional Redemption Amount:	[[*specify*] per Calculation Amount] (*Insert relevant Optional Redemption Amount in respect of each relevant Optional Redemption Date. These may be set out in a table or annexed to the Final Terms*)
	(iv)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[*specify*][Not applicable]
		(b) Higher Redemption Amount:	[*specify*][Not applicable]
	(v)	Notice periods:	Minimum period: [*specify*] Maximum period: [*specify*] [Not applicable] (*When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.*)
33.	**Noteholder Put:**		[Applicable][Not applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(i)	Optional Redemption Date(s):	[*specify*] [or such later date for payment determined as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]]
	(ii)	Optional Redemption Valuation Date(s):	[*specify*][Not applicable]
	(iii)	Optional Redemption Amount(s):	[[*specify*] [per Calculation Amount][The Optional Redemption Amount shall be determined in accordance with the following formula: (*Insert relevant formula from Payout Annex*)]
	(iv)	Notice periods:	Minimum period: [*specify*][Not applicable] Maximum period: [*specify*][Not applicable] (*When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between*

			the Issuer and the Agent)
34.	**Early Redemption Amount:**		[[*specify*] per Calculation Amount][As set out in General Condition 6]
35.	**Index Linked Redemption:**		[Applicable][Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	[Index][Basket of Indices]:	[The following Reference Item(s)[(k)] [(from [k] = 1 to [[k][*specify*])] will apply:] [Not applicable] [See table below] [*Insert table*] [See paragraph 21(i) above] [For [k]=1][specify][*insert description and, if relevant, details of where investors can obtain information about the Index*][(see paragraph [specify])](*repeat as necessary*) [Composite][Non Composite] [Weighting: [Not applicable] [[*specify*] [Each such Weighting shall be subject to adjustment in accordance with the Index Linked Conditions]]
	(ii)	Exchange(s) and Index Sponsor:	(a) [the relevant Exchange[s] [is][are] [there are no relevant Exchanges] [*specify*]; and (b) the relevant Index Sponsor is [*specify*]] [See table [above][below]] [See paragraph 21(ii) above]
	(iii)	Related Exchange:	[*specify*][All Exchanges][Not applicable] [See paragraph 21(iii) above]
	(iv)	Screen Page:	[*specify*][Not applicable] [See table [above][below]] [See paragraph 21[(i)][(iv)] above]
	(v)	[Strike Date] [Strike Period and Strike Days]:	[*specify*][Not applicable] [*specify applicable Strike Days in the period if applicable*] [See table [above][below]] [See paragraph 21(v) above]
	(vi)	Averaging:	[Not applicable][Averaging [applies] to the Notes]. [The Averaging Dates are [*specify*].] [See paragraph [*specify*] above][See table [above][below]] [In the event that an Averaging Date is a Disrupted Day, [Omission][Postponement][Modified Postponement] will apply]
	(vii)	Redemption Valuation Date(s)/Period(s):	[*specify*][Not applicable] [See table [above] [below]]
	(viii)	Valuation Time:	[Scheduled Closing Time][Any time [on the relevant Redemption Valuation Date][during the Redemption Valuation Period]] [[*specify*], being the time specified on the relevant [Redemption Valuation Date] [Observation Date] or an Averaging Date, as the case may be, for the calculation of the [Redemption Amount]
	(ix)	[Observation Date(s)][Observation Period]:	[*specify*][Not applicable][See table [above] [below]]

		[In the event that an Observation Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply.]
(x)	Exchange Business Day:	[(All Indices Basis)][(Per Index Basis)][(Single Index Basis)][(Cross Asset Basis)] (*standard election is All Indices Basis*)
(xi)	Scheduled Trading Day:	[(All Indices Basis)][(Per Index Basis)][(Single Index Basis)][(Cross Asset Basis)] (*must match election made for Exchange Business Day*)
(xii)	Index Correction Period:	[As set out in Index Linked Condition 7][*specify*]
(xiii)	Specified Maximum Days of Disruption:	[specify][five][Scheduled Trading Days][Not applicable]
(xiv)	Additional Disruption Events:	[Not applicable][As per the Index Linked Conditions][The following Additional Disruption Events apply to the Notes:] (*Specify each of the following which applies*) [Hedging Disruption] [Increased Cost of Hedging] [Increased Cost of Stock Borrow] [Loss of Stock Borrow] [Change in Law: Not applicable] [[The Maximum Stock Loan Rate in respect of [*specify* in relation to each relevant Share] is [*specify*](*only applicable if Loss of Stock Borrow is applicable*)] [[The Initial Stock Loan rate in respect of [*specify* in relation to each relevant Share] is [*specify*].(*N.B. only applicable if Increased Cost is Stock Borrow is applicable*)]
36.	**Equity Linked Redemption:**	[Applicable][Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Share/Basket of Shares/Basket Company:	[The following Reference Item(s)[(k)] [(from [k] = 1 to [[k][*specify*])] will apply:] [Not applicable] [See table [above] [below]] [*Insert table*]] [For [k]=1][specify][*insert description*][(see paragraph [specify])](*repeat as necessary*) [Weighting: [Not applicable] [*specify*] [Each such Weighting shall be subject to adjustment in accordance with the Equity Linked Conditions]] [see paragraph 22(i) above]

(ii)	Share Currency:	[*specify*] [See table [above] [below]] [see paragraph 22[(i)][(ii)] above]
(iii)	ISIN of Share(s):	[*specify*] [See table [above] [below]] [see paragraph 22[(i)][(iii)] above]
(iv)	Screen Page:	[*specify*] [See table [above] [below]] [see paragraph 22[(i)][(iv)] above]
(v)	Exchange:	[*specify*] [See table [above] [below]] [see paragraph 22[(i)][(v)] above]
(vi)	Related Exchange(s):	[*specify*][All Exchanges][Not applicable] [see paragraph 22(vi) above]
(vii)	Depositary Receipt provisions:	[Applicable][Not applicable] [For Reference Item k=[*specify*][and k=[*specify*] [See paragraph 22(vii) above] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a) Details of share:	[*specify name and ISIN code of the share to which the relevant Depository Receipts relate*]
	(b) Share Exchange:	[*specify*]
(viii)	[Strike Date] [Strike Period and Strike Days]:	[*specify*][Not applicable] [*specify applicable Strike Days in the period if applicable*][See table [above][below]] [see paragraph 22(viii) above]
(ix)	Averaging:	[Not applicable][Averaging applies to the Notes.][The Averaging Dates are [*specify*].][See paragraph [*specify*] above][See table [above][below]] [In the event that an Averaging Date is a Disrupted Day, [Omission][Postponement][Modified Postponement] will apply]
(x)	Redemption Valuation Date(s)/Period(s):	[*specify*][Not applicable][See table [above][below]]
(xi)	Valuation Time:	[Scheduled Closing Time][Any time [on the relevant Redemption Valuation Date][during the Redemption Valuation Period]] [[*specify*], being the time specified on the relevant [Redemption Valuation Date] [Observation Date] or an Averaging Date, as the case may be, for the calculation of the [Redemption Amount]
(xii)	[Observation Date(s)][Observation Period]:	[*specify*][Not applicable][See table [above][below]] [In the event that an Observation Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply.]
(xiii)	Exchange Business Day:	[(All Shares Basis)][(Per Share Basis)][(Single Share Basis)][(Cross Asset Basis)]

(xiv)	Scheduled Trading Day:	[(All Shares Basis)][(Per Share Basis)][(Single Share Basis)][(Cross Asset Basis)]
(xv)	Share Correction Period:	[As set out in Equity Linked Condition 8][*specify*]
(xvi)	Specified Maximum Days of Disruption:	[*specify*][five][Scheduled Trading Days][Not applicable]
(xvii)	Extraordinary Events:	[Not applicable][As per the Equity Linked Conditions][In addition to De-Listing, Insolvency, Merger Event and Nationalisation, the following Extraordinary Events apply to the Notes]: [Listing Change] [Listing Suspension] [Illiquidity] [Tender Offer: Not applicable]
(xviii)	Additional Disruption Events:	[Not applicable][As per the Equity Linked Conditions][The following Additional Disruption Events apply to the Notes]: (*Specify each of the following which applies*) [Hedging Disruption] [Insolvency Filing] [Increased Cost of Hedging] [Increased Cost of Stock Borrow] [Loss of Stock Borrow] [Stop-Loss Event] [Stop-Loss Event Percentage: [*specify*] per cent.] [Change in Law: Not applicable] [Failure to Deliver: Not applicable] [The Maximum Stock Loan Rate in respect of [*specify* in relation to each relevant Share] is [*specify*]] (*Only applicable if Loss of Stock Borrow is applicable*) [The Initial Stock Loan rate in respect of [*specify* in relation to each relevant Share] is [*specify*]](*Only applicable if Increased Cost of Stock Borrow is applicable*)

37. ETF Linked Redemption:

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

(i)	[ETF(s)]/[ETF Basket]:	[The following Reference Item(s)[(k)] [(from [k] = 1 to [[k][*specify*])] will apply:] [Not applicable] [See table

		[above][below]] [*Insert table*] [For [k]=1][specify][*insert description*][(see paragraph [specify])](*repeat as necessary*) [Weighting: [[Not Applicable]] [[*specify*] [Each such Weighting shall be subject to adjustment in accordance with the ETF Linked Conditions]]
(ii)	ETF Share Currency:	[*specify*] [See table [above][below]]
(iii)	ISIN of ETF Shares:	[*specify*]
(iv)	Screen Page:	[*specify*]
(v)	Exchange(s):	[s*pecify*] [See table [above][below]] [Not applicable][see paragraph 23[(i)][(v)] above]
(vi)	Related Exchange(s):	[s*pecify*][All Exchanges][Not applicable][see paragraph 23(vi) above]
(vii)	[Strike Date] [Strike Period and Strike Days]:	[*specify*][Not applicable] [*specify applicable Strike Days in the period if applicable*][See table [above][below][see paragraph 22(vii) above]
(viii)	Averaging:	[Not applicable][Averaging [applies] to the Notes]. [The Averaging Dates are [*specify*].] [See paragraph [*specify*] above][See table [above][below]] [In the event that an Averaging Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply]
(ix)	Redemption Valuation Date(s)/ Period(s):	[*specify*][Not applicable][See table [above][below]]
(x)	Valuation Time:	[Scheduled Closing Time][Any time [on the relevant Redemption Valuation Date][during the Observation Period]] [[specify], being the time specified on the relevant [Redemption Valuation Date] or an Averaging Date, as the case may be, for the calculation of the [Redemption Amount][As per ETF Linked Condition 6][Not applicable] (*If no time is specified, the Coupon Valuation Time will be the Scheduled Closing Time*)
(xi)	[Observation Date(s)][Observation Period]:	[*specify*][Not applicable][see table above][below]] [In the event that an Observation Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply.]
(xii)	Exchange Business Day:	[(All ETF Shares Basis)] [(Per ETF Share Basis)] [(Single ETF Share Basis)] [(Cross Asset Basis)]] [Not applicable]
(xiii)	Scheduled Trading Day:	[[(All ETF Shares Basis)] [(Per ETF Share Basis)] [(Single ETF Share Basis)] [(Cross Asset Basis)]] [Not applicable]
(xiv)	ETF Share Correction Period:	[*specify*]

(xv)	Specified Maximum Days of Disruption:	[*specify*][five][Scheduled Trading Days][Not applicable]
(xvi)	Extraordinary ETF Events:	[As set out in ETF Linked Condition 2(b)] [*specify*]
(xvii)	Additional Extraordinary ETF Events:	[Not applicable][As per the ETF Linked Conditions][The following Additional Disruption Events apply to the Notes]: (*Specify each of the following which applies*) [Hedging Disruption] [Increased Cost of Hedging] [Failure to Deliver: Not applicable] [Change in Law: Not applicable] [Increased Cost of Stock Borrow] [Insolvency Filing] [Stop-Loss Event] [Stop-Loss Event Percentage: [*specify*] per cent.] [The Maximum Stock Loan Rate in respect of [*specify* in relation to each relevant ETF Share] is [*specify*]] (*Only applicable if Loss of Stock Borrow is applicable*) [The Initial Stock Loan rate in respect of [*specify* in relation to each relevant ETF Share] is [*specify*]](*Only applicable if Increased Cost of Stock Borrow is applicable*) [Tender Offer: Not applicable]
38.	**Fund Linked Redemption:**	[Applicable][Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	[Fund(s)]/[Fund Basket]:	[The following Reference Item(s)[(k)] [(from [k] = 1 to [[k][*specify*])] will apply:] [Not applicable] [See table [above][below]] [*Insert table*] [For [k]=1][specify][*insert description*][(see paragraph [specify])](*repeat as necessary*) [The NAV per Fund Share will be published on [*specify*]] [Weighting: [[Not applicable]] [[*specify*]] [Each such Weighting shall be subject to adjustment in accordance with the Fund Linked Conditions]]
(ii)	[Fund Shares:]	[*specify*] [See table [above][below]] [see paragraph 24(ii)][a unit of the relevant Fund]

(iii)	Averaging:	[Not applicable][Averaging [applies] to the Notes]. [The Averaging Dates are [*specify*].] [See paragraph [*specify*] above][See table [above][below] [In the event that an Averaging Date is a [Fund Non-Valuation Date][Omission][Postponement][Modified Postponement] will apply]
(iv)	[Observation Date(s)][Observation Period]:	[*specify*][Not applicable][see table above][below]] [In the event that an Observation Date is a Fund Non-Valuation Date [Omission][Postponement][Modified Postponement] will apply.]
(v)	Redemption Valuation Date(s)/ Period(s):	[*specify*][Not applicable][See table [above][below]]
(vi)	Fund Business Day:	[*specify*][(All Fund Share Basis)][(Per Fund Share Basis)][(Single Fund Share Basis)] [As per the Fund Linked Conditions]
(vii)	Initial Calculation Dates:	
	(a) Initial Calculation Date:	[*specify*][Not applicable]
	(b) Initial Calculation Period:	[*specify*][Not applicable]
	(c) Initial Calculation Days:	[*specify*][Not applicable]
(viii)	Final Calculation Date:	[*specify*][Not applicable][Not applicable]
(ix)	Calculation Date(s):	[*specify*][Not applicable]
(x)	Extraordinary Events:	[As set out in Fund Linked Condition 1] [*specify*]
	(a) NAV Barrier:	[*specify*][Not applicable]
	(b) NAV Trigger Percentage:	[*specify*][As per the Fund Linked Condition 6][*specify*][Not applicable]
	(c) NAV Trigger Period:	[As per the Fund Linked Conditions][*specify*]
	(d) Basket Trigger Level:	[*specify*][As set out in Fund Linked Condition 6] [Not applicable]
	(e) Number of NAV Publication Days:	[*specify*] [As set out in Fund Linked Condition 6][Not applicable]
(xi)	Additional Extraordinary Fund Events:	[Not applicable][As per the Fund Linked Conditions][The following Additional Extraordinary Fund Events apply to the Notes]: (*Specify each of the following which applies*) [Hedging Disruption] [Increased Cost of Hedging] [Failure to Deliver: Not applicable]

		[Change in Law: Not applicable]
(xii)	Delayed Payment Cut-off Date:	[As set out in Fund Linked Condition 3][*specify*][Not applicable]
39.	**Inflation Linked Redemption:**	[Applicable][Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	[Index][Indices]:	[*specify*] [Reference Item[s][(k)]]
(ii)	Screen page/Exchange/CODE:	[*specify*]
(iii)	Index Sponsor:	[*specify*]
(iv)	Cut-Off Date:	[As per the Inflation Linked Conditions][s*pecify*]
(v)	Related Bond:	[*specify*][Fallback Bond][Not applicable]
(vi)	Fallback Bond:	[Applicable][Not applicable]
(vii)	Related Bond Redemption Event:	[As set out in Inflation Linked Condition 4][*specify*]
(viii)	Reference Month:	[*specify*][Not applicable]
(ix)	[Strike Date] [Strike Period and Strike Days]:	[*specify*][Not applicable] [*specify applicable Strike Days in the period if applicable*]
(x)	Determination Date(s):	[*specify*]
(xi)	Additional Redemption Event:	[Not applicable][As per the Inflation Linked Conditions][The following Additional Disruption Events apply to the Notes: (*Specify each of the following which applies*) [Hedging Disruption] [Increased Cost of Hedging]
40.	**Credit Linked Redemption:**	[Applicable][Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Type of Credit Linked Notes:	The Notes are [Single Reference Entity][First-to-Default] [Nth-to-Default] Credit Linked Notes [and the Relevant Number is [*specify*] (*for Nth-to-Default Credit Linked Notes*)] [Non-Tranched Linear Basket Credit Linked Notes where Credit Payment [on Maturity] [As You Go] applies] [Tranched Linear Basket Credit Linked Notes] [Non-Tranched Index Credit Linked Notes – [iTraxx] [CDX] [where Credit Payment [on Maturity] [As You Go] applies]] [Tranched Index Credit Linked Notes – [iTraxx] [CDX]]

(a) [Credit Event Amount: [*specify amount*] *(only use for Linear Basket Credit Linked Notes or Index Credit Linked Notes to which Credit Payment As You Go applies)*[As set out in the Credit Linked Conditions]]

(b) Credit Event Payment Date: [[*specify*] (*if other than three*) Business Days] [As set out in the Credit Linked Conditions]] [or such later date for payment determined as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]

(*(a) and (b) are only applicable for Non-Tranched Linear Basket Credit Linked Notes or Non-Tranched Index Credit Linked Notes to which Credit Payment As You Go applies, otherwise delete (a) and (b)*)

(c) [Credit Observation End Date: [*specify if different from Scheduled Maturity Date*]]

(d) Index Annex: [Markit iTraxx® Europe [*index name*] Series [*specify*] Version [*specify*]] / [Markit CDX.NA.[IG/HY/XO].[ ] [*specify sector, if any*] [*specify series, if any*] [*specify version, if any*]

[*Delete this paragraph if the Notes are not Index Credit Linked Notes*]

(e) Annex Date: [*Specify*]

[*Delete this paragraph if the Notes are not Index Credit Linked Notes*]

(f) [Credit Event Backstop Date: The later to occur of (A) the Trade Date and (B) the Credit Event Backstop Date as determined pursuant to Credit Linked Condition 13 and subparagraph (a) or (b) of the definition of "Credit Event Backstop Date", as applicable.]

(ii) Credit Event Redemption Amount: [As set out in Credit Linked Condition 13]

[*specify amount*] *(only use for zero/set recovery that are not Linear Basket Credit Linked Notes or Index Credit Linked Notes)* [Not applicable] *(specify in case of physically settled notes)*

(iii) Protected Amount: [Applicable][Not applicable]

[*specify amount if applicable (Express as a percentage of the aggregate outstanding nominal amount)*]

(*NB The Protected Amount may be applicable in case of Single Reference Entity Credit Linked Notes, First-to Default Credit Linked Notes, Nth-to Default Credit Linked Notes, Linear Basket Credit Linked Notes and Index Credit Linked Notes where only part of the Nominal Amount is exposed to the relevant Reference Entity/es*)

(iv)	Unwind Costs:	[Applicable: [*specify*]][Standard Unwind Costs][Not applicable]
(v)	Credit Multiplier:	[Not applicable] [*specify* (*insert only if Credit Multiplier is not 1*)](*Repeat as necessary where different figures apply for interest or redemption purposes and/or where it may change in respect of different dates*)
(vi)	[(a)] Credit Event Redemption Date:	[Credit Linked Condition 13 applies][(*specify if other than three*) Business Days] [or such later date for payment determined as provided in the Settlement Exchange Rate Provisions set out in Condition 6 of the Payout Conditions]] (*Delete this line item for Physically Settled Notes*)
	[(b)] Maturity Credit Redemption:	[Applicable][Not applicable]] (*Delete this line item (b) for Linear Basket Credit Linked Notes or Index Credit Linked Notes*)]
(vii)	Settlement Method: [(see further item(s) [(xxxi)] [to] [(lvii)] below)]	[Auction Settlement][Cash Settlement][Physical Delivery] [Not applicable:] [Zero/Set Recovery Notes] [Tranched Linear Basket Credit Linked Notes] [Tranched Index Credit Linked Notes]
(viii)	Calculation Agent City:	[*specify*][As per the Physical Settlement Matrix]
(ix)	[Business Day Convention:	[Following][Modified Following][Preceding] Business Day Convention (*Insert only where no Business Day Convention has been specified already for the Notes, otherwise delete.)]*
(x)	Reference Entity(ies):	[*specify*] [*these may be set out in the form of a table as by reference to a credit derivatives index setting out the applicable names (in which circumstances, include the following text and any details of the date/version of the referenced credit derivatives index: "Each Reference Entity comprising the [specify name of index] on the [Issue/Trade Date]. No adjustments to the terms of the Notes shall be made to reflect subsequent versions or reconstitutions of the [specify name of index].". All relevant items below should be completed in respect of each Reference Entity (repeating items where necessary) which may also be done by including the Reference Entities and such items in a table*] [*For Index Credit Linked Notes*: As defined in Credit Linked Condition 13] [and the relevant "Reference Entity Weighting" shall be [*specify*] in respect of each Reference Entity].(*insert only where it is necessary to change the weighting specified by the relevant Index*)]
(xi)	Physical Settlement Matrix:	[Applicable, [for which purpose the Date of the Physical Settlement Matrix is [*specify*]]][Not Applicable] (*if Applicable, specify in relation to each Reference Entity its Transaction Type*)
(xii)	Transaction Type:	[Not applicable](*insert in relation to each Reference Entity if item (xiii) applies*. (e.g.: '*European Corporate*'.)) [*For iTraxx Index Credit Linked Notes:* As specified opposite

		the relevant Reference Entity in the Index Annex, subject to adjustment as provided in the definition of Successor, as applicable.] [*For CDX Index Credit Linked Notes*: [*specify*] in respect of each Reference Entity, unless another Transaction Type is specified in the Index Annex, in which case the Transaction Type will be as specified opposite the relevant Reference Entity in the Index Annex, subject to adjustment as provided in definition of "Successor", as applicable.]
(xiii)	Reference Entity Notional Amount:	[*specify in respect of each Reference Entity*]][Not applicable] [*For Index Credit Linked Notes and/or where a Credit Multiplier applies*: As defined in Credit Linked Condition 13] (*For Non-Tranched Index Credit Linked Notes and Non-Tranched Linear Basket CLNs which are Instalment Notes, then please specify that the RENA will be equal to:*) [Means in respect of each Reference Entity, (i) the product of the aggregate outstanding nominal amount and the Credit Multiplier (if any) multiplied by (ii) the Reference Entity Weighting for such Reference Entity multiplied by (iii) one divided by the aggregate of the Reference Entity Weightings for all Reference Entities, subject to the provisions of the definition of "Successor".]
(xiv)	Reference Obligation(s):	*(Where either (a) Standard Reference Obligation is not applicable or (b) Standard Reference Obligation is applicable but there is no Standard Reference Obligation when the Final Terms are signed, insert one of the following:)* [*If no initial Reference Obligation is to be specified, insert:* Initially none, subject to the Calculation Agent's ability to select and/or replace the Reference Obligation from time to time in accordance with Credit Linked Condition 13.] *OR* [*If the initial Reference Obligation is to be specified:* Initially the [*insert if the guarantee is the Reference Obligation:* guarantee of the] [*select:* [bond][loan][*other obligation*]] specified below, subject to the Calculation Agent's ability to select and/or replace the Reference Obligation from time to time in accordance with Credit Linked Condition 13: (a) Primary Obligor: [*specify*] (b) Guarantor: [*specify*] (c) Maturity: [*specify*] (d) Coupon: [*specify*] (e) CUSIP/ISIN: [*specify*].] Standard Reference Obligation: [Applicable][Not Applicable] Seniority Level: [Senior Level][Subordinated Level][As set out in Credit Linked Condition 13]] *(Where Standard Reference Obligation is applicable and there is a Standard Reference Obligation when the Final Terms are signed, insert:)*

			[Standard Reference Obligation: Applicable Seniority Level: [Senior Level][Subordinated Level][As set out in Credit Linked Condition 13] The Calculation Agent has the ability to select and/or replace the Reference Obligation from time to time in accordance with Credit Linked Condition 13.] [*For Index Credit Linked Notes, insert:* As set out in Credit Linked Condition 13.]
(xv)	All Guarantees:		[As per the Physical Settlement Matrix][Applicable][Not applicable] [Provisions relating to Qualifying Guarantee and Underlying Obligation: Credit Linked Condition 17 [Applicable][Not applicable]]*(delete if Physical Settlement Matrix applies)*
(xvi)	Credit Events:		[As per the Physical Settlement Matrix] (*delete remainder if Physical Settlement Matrix applies*) [Bankruptcy] [Failure to Pay] [Grace Period Extension] [Applicable][Not applicable] [If applicable: Grace Period: [*specify*]] [Obligation Default] [Obligation Acceleration] [Repudiation/Moratorium] [Restructuring] [Provisions relating to Restructuring Credit Event: Credit Linked Condition 14: [Not applicable] (*only include where the intention is to disapply Credit Linked Condition 14, otherwise delete line item*) [Provisions relating to Multiple Holder Obligation: Credit Linked Condition 15: [Applicable][Not applicable]] [Restructuring Maturity Limitation and Fully Transferable Obligation: [Applicable][Not applicable]] [Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: [Applicable][Not applicable]] [Governmental Intervention]
	(a)	Default Requirement:	[*specify*] [As set out in Credit Linked Condition 13]
	(b)	Payment Requirement:	[*specify*] [As set out in Credit Linked Condition 13]

(xvii)	Credit Event Determination Date:	Notice of Publicly Available Information: [Applicable][Not applicable] [If Applicable: Public Source(s): [*specify*] Specified Number: [*specify*]]
(xviii)	Obligation(s):	
	(a) Obligation Category:	[As per the Physical Settlement Matrix][Payment] [Borrowed Money] [Reference Obligation Only] [Bond] [Loan] [Bond or Loan] (*select one only*)
	(b) Obligation Characteristics:	[As per the Physical Settlement Matrix][Not Subordinated] [Specified Currency: [*specify currency*/Standard Specified Currency] [Not Sovereign Lender] [Not Domestic Currency: [*specify currency*]] [Not Domestic Law] [Listed] [Not Domestic Issuance] (*select all of which apply*)
(xix)	Additional Obligation(s):	[*specify*]
(xx)	Excluded Obligation(s):	[*specify*]
(xxi)	Domestic Currency:	[As set out in the Credit Linked Conditions][Not applicable][*specify*]
(xxii)	Accrual of Interest (Credit Linked Condition 5):	Credit Linked Condition 5: [Applicable][Not applicable] (*Specify Applicable for Single Reference Credit Linked Notes and Not applicable for Credit Linked Notes which are Zero Coupon Credit Linked Notes, Index Credit Linked Notes or Linear Basket Credit Linked Notes or if Interest Amount is not subject to Credit)*] (*If Credit Linked Condition 5 is specified as applicable:*) [Accrual of Interest up to Credit Event: [Applicable][Not applicable]]
(xxiii)	Merger Event:	Credit Linked Condition 12: [Applicable][Not applicable] [*If applicable*: [Merger Event Redemption Date:[*specify*]] [Merger Event Redemption Amount: [*specify*]]
(xxiv)	Provisions relating to Monoline Insurer Reference Entities:	[Credit Linked Condition 16: [Applicable][Not applicable]][Credit Linked Condition 20 is Applicable]
(xxv)	Provisions relating to LPN Reference Entities:	[Credit Linked Condition 18: [Applicable][Not applicable]][Credit Linked Condition 20 is Applicable]
(xxvi)	Redemption on failure to identify a Substitute Reference Obligation:	[Applicable][Not applicable]

(xxvii)	Subordinated European Insurance Terms:	[Applicable][Not applicable] [Credit Linked Condition 20 is Applicable]
(xxviii)	Financial Reference Entity Terms:	[Applicable][Not applicable] [Credit Linked Condition 20 is Applicable]
(xxix)	Additional Provisions:	[The [*specify additional provisions*] are applicable and for such purposes Credit Linked Condition 20 shall apply][Not applicable]

Terms relating to Cash Settlement

(delete section and renumber if not applicable as Settlement Method or Fallback Settlement Method)

(xxx)	Valuation Date:	[Applicable][Not applicable] [Single Valuation Date: [*specify*] Business Days] [Multiple Valuation Dates: [*specify*] Business Days; and each [*specify*] Business Days thereafter; Number of Valuation Dates: [*specify*]]
(xxxi)	Valuation Time:	[*specify*][As per Credit Linked Condition 13]
(xxxii)	Indicative Quotations:	[Applicable][Not applicable]
(xxxiii)	Quotation Method:	[Bid][Offer][Mid-market][As per Credit Linked Condition 13]
(xxxiv)	Quotation Amount:	[*specify*][Representative Amount][Credit Linked Conditions apply]
(xxxv)	Minimum Quotation Amount:	[*specify*] [As set out in Credit Linked Condition 13]
(xxxvi)	Quotation Dealers:	[*specify*]
(xxxvii)	Quotations:	[Include Accrued Interest][Exclude Accrued Interest]
(xxxviii)	Valuation Method:	[Market][Highest] [Average Market/Highest][Average Highest] [Blended Market][Blended Highest] [Average Blended Market][Average Blended Highest] [As set out in Credit Linked Condition 13]

Additional terms relating to Auction Settlement

(delete section and renumber if not applicable as Settlement Method or Fallback Method)

(xxxix)	Fallback Settlement Method:	[Cash Settlement][Physical Delivery]
(xl)	Successor Backstop Date subject to adjustment in accordance with Business	[Yes][No]

	Day Convention:	
(xli)	Limitation Dates subject to adjustment in accordance with Business Day Convention:	[Yes][No]
	Terms relating to Physical Delivery	
	(delete section and renumber if not applicable as Settlement Method or Fallback Settlement Method but note may be needed for Auction elections in which case do not delete)	
(xlii)	Physical Settlement Period:	[[*specify*] Business Days][Not applicable][As per Physical Settlement Matrix]
(xliii)	Accrued Interest on Entitlement:	[Include Accrued Interest][Exclude Accrued Interest][Not applicable]
(xliv)	Settlement Currency:	[*specify*][Not applicable]
(xlv)	Deliverable Obligations:	
	(a) Deliverable Obligation Category:	[Payment] [Borrowed Money] [Reference Obligation Only] [Bond] [Loan] [Bond or Loan][As per the Physical Settlement Matrix][Not applicable] (*select one only*)
	(b) Deliverable Obligation Characteristics:	[Not Subordinated][Specified Currency: [*specify currency*/Standard Specified Currency] [Not Sovereign Lender] [Not Domestic Currency: [*specify currency*]] [Not Domestic Law] [Not Domestic Issuance] [Assignable Loan] [Consent Required Loan] [Direct Loan Participation] [Transferable] [Listed] [*specify*]] [Maximum Maturity: [ ] years] [Accelerated or Matured] [Not Bearer][As per the Physical Settlement Matrix] [Not applicable]
(xlvi)	Asset Package Delivery:	[Applicable][Not Applicable] [As per Physical Settlement Matrix]
(xlvii)	Additional Deliverable Obligation(s):	[*specify*] [Not applicable]
	(a) Excluded Deliverable Obligation(s):	[*specify*] [Not applicable]
	(b) Indicative Quotations:	[Applicable][Not applicable]
	(c) Delivery provisions for Entitlement if different from General Conditions and Credit Linked Conditions:	[*specify*] [Not applicable]
(xlviii)	Restructuring Maturity Limitation and Fully Transferable Obligation Applicable:	[Applicable][Not applicable]
(xlix)	Modified Restructuring Limitation and Conditionality Transferable Obligation	[Applicable][Not applicable]

	Applicable:	
(l)	Reference Obligation Only Termination Amount:	[*specify*][Not applicable] (*To be specified for the purposes of Credit Linked Condition 21 for Reference Obligation Only Notes relating to a single Reference Entity issued pursuant to Annex 8.*)
(li)	Qualifying Participation Seller:	[insert] [Not applicable]
	Terms relating to Zero/Set Recovery Notes *(delete section and renumber if not applicable)*	
(lii)	Set/Zero Recovery Price:	[*Insert percentage in relation to each Reference Entity, which may be zero*]
	Terms relating to Tranched Linear Basket Credit Linked Notes *(delete section and renumber if not applicable)*	
(liii)	H:	[*Insert number of Reference Entities that are equal to the higher tranche level*]
(liv)	L:	[*Insert number of Reference Entities that are equal to the lower tranche level*]
	Terms relating to Tranched Index Credit Linked Notes: **(***delete section and renumber if not applicable***)**	
(lv)	Attachment Point:	[*Specify*]
(lvi)	Exhaustion Point:	[*Specify*]

41.	**Foreign Exchange (FX) Rate Linked Redemption:**	[Applicable][Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) (*In respect of Credit Linked Notes*) [, subject to the provisions of the paragraph "Credit Linked Redemption" and the Credit Linked Conditions]
(i)	Base Currency:	[*specify*][Not applicable][For Reference Item[(k)]: [*insert*]]
(ii)	Subject Currency/Currencies:	[*specify*][Not applicable][For Reference Item[(k)]: [*insert*]] [and EM Foreign Exchange Rate Provisions apply to such Subject Currency]
(iii)	[Strike Date] [Strike Period and Strike Days]:	[*specify*][Not applicable] [*specify applicable Strike Days in the period if applicable*]
(iv)	Averaging:	[Not applicable][Averaging [applies] to the Notes]. [The Averaging Dates are [*specify*].] [See paragraph [*specify*] above][see table below]

			[In the event that an Averaging Date is a Disrupted Day, [Omission][Postponement][Modified Postponement] will apply] [[Specified Maximum Days of Disruption will be equal to: [*specify*][five]] (*If not Specific Maximum Days of Disruption are stated, Specific Maximum Days of Disruption will be equal to five*)
(v)	[Redemption Valuation Date(s)][Redemption Valuation Period(s)]:		[*specify*][Not applicable]
(vi)	[Observation Date(s)][Observation Period]:		[*specify*][Not applicable][See table above] [In the event that an Observation Date is a Disrupted Day [Omission][Postponement][Modified Postponement] will apply.]
(vii)	Provisions applicable where EM Foreign Exchange (FX) Rate Provisions do not apply to a Settlement Currency:		[Applicable [in respect of[*specify Subject Currencies to which these provisions apply where there is a Basket*]]][Not applicable] (*Where applicable for more than one Subject Currency, complete as relevant for each such Subject Currency*)
	(a)	Relevant Screen Page:	[*specify*][Not applicable]
	(b)	Price Source:	[*specify*]
	(c)	Valuation Time:	[*specify*]
	(d)	Disruption Events:	[Price Source Disruption] [Illiquidity Disruption] [Dual Exchange Rate] [General Inconvertibility] [General Non-Transferibility] [Material Change in Circumstance] [Nationalisation] *(Specify in respect of each Subject Currency where Non-EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different Disruption Events (or components thereof) also apply thereto)*
	(e)	Specified Maximum Days of Disruption:	[*specify*][five][Scheduled Trading Days][Not applicable]
	(f)	Additional Disruption Events:	[Not applicable]][As per the Foreign Exchange (FX) Rate Linked Conditions] [The following Additional Disruption Events apply to the Notes:] (*Specify each of the following which applies*) [Hedging Disruption]

		[Increased Cost of Hedging [Change in Law]
	(g) Delayed Redemption on the Occurrence of a Disruption Event:	[Applicable][Not applicable]
(viii)	Provisions applicable where EM Foreign Exchange (FX) Rate Provisions apply:	[Applicable [in respect of[*specify Subject Currencies to which these provisions apply where there is a Basket*]][Not applicable] (*Where applicable for more than one Subject Currency, complete as relevant for each such Subject Currency*)
	(a) Provisions applicable to determining the Settlement Price:	For the purpose of the definition of Settlement Price in Foreign Exchange (FX) Rate Linked Note Condition 7 [and [*specify the relevant Subject Currency where more than one Subject Currency*]: EM FX Price Source: [*specify*] EM Valuation Time: [*specify*] EM Scheduled Trading Day Jurisdiction: [*specify*]
	(b) EM Disruption Events:	[Price Source Disruption] [Illiquidity Disruption] [Dual Exchange Rate] [General Inconvertibility] [General Non-Transferability] [Material Change in Circumstance] [Nationalisation] [Price Materiality, where: EM Price Materiality Percentage: [*specify*][3] per cent. EM Primary Rate: [*specify*][The rate determined as set out in the definition of Settlement Price] EM Secondary Rate: [*specify*][[EM First Fallback Reference Price [and]][EM Second Fallback Reference Price]] (*Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different EM Disruption Events (or components thereof*) *also apply thereto)*
	(c) EM Disruption Fallbacks:	[EM Calculation Agent Determination] [EM First Fallback Reference Price, where: First Fallback EM FX Price Source: [*specify*] First Fallback EM Valuation Time: [*specify*] First Fallback EM Number of Settlement Days:

[*specify*]]

[EM Second Fallback Reference Price, where:

Second Fallback EM FX Price Source: [*specify*]

Second Fallback EM Valuation Time: [*specify*]

Second Fallback EM Number of Settlement Days: [*specify*]]

[EM Valuation Postponement]

(*Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different EM Disruption Fallbacks (or components thereof) also apply thereto)*

(d)	EM Maximum Days of Postponement:	[*specify*] (*Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different EM Disruption Fallbacks (or components thereof) also apply thereto*)
(e)	EM Cumulative Events:	[Not applicable][Applicable and EM Maximum Cumulative Days of Postponement means [*specify*]] (*Specify in respect of each Subject Currency where EM Foreign Exchange (FX) Rate Provisions apply to more than one such Subject Currency and different EM Disruption Fallbacks (or components thereof) also apply thereto*)
(f)	EM Number of Settlement Days:	[Two][Zero][*specify other*] [where SER Settlement Day Centre(s) means [*specify*]]
(g)	EM Number of Postponement Settlement Days:	[[Two][*specify*]] [Business Days][EM Settlement Days] [*specify*]
(h)	Additional Disruption Events:	[Not applicable] [As per the Foreign Exchange (FX) Rate Linked Conditions] [The following Additional Disruption Events apply to the Notes:] (*Specify each of the following which applies*) [Change in Law: Not applicable] [Hedging Disruption] [Increased Cost of Hedging]

42. Reference Item Rate Linked Redemption: [Applicable][Not applicable]

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

[The [Floating][Fixed] Rate Note Provisions shall apply for the purpose of determining the Reference Item Rate on the basis of elections in this paragraph.]

(*If more than one Reference Rate is to be determined, include the following language: "Reference Rate [specify] is as follows:" and repeat items (i) to (vi) below for each*

			such Reference Item Rate)
(i)	Screen-Rate Determination:		[Applicable][Not applicable] (*If not applicable delete the remaining sub-paragraphs of this paragraph*)
	(a)	Reference Item Rate:	[*specify period*][month][year][LIBOR][EURIBOR][CMS Rate with a Designated Maturity of [*insert years*]][*specify* Government Bond Yield Rate][*specify* TEC Rate][with a Designated Maturity of [*insert years*]]
	(b)	Valuation Date(s):	[*specify*] *(e.g. Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each interest Period if EURIBOR or euro LIBOR). Where the Rate of Interest is being used other than for a Floating Rate Note, ensure that this is not specified in respect of an Interest Period and the relevant Range Accrual Day may be specified where relevant for Range Accrual Notes*
	(c)	Valuation Time:	[*specify*] (*which will be 11:00 am, London time, in the case of LIBOR, or 11:00 am, Brussels time, in the case of EURIBOR*)
	(d)	Relevant Screen Page:	[*specify*] (*In the case of EURIBOR if not Reuters EURIBOR01) ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
(ii)	ISDA Determination:		[Applicable][Not Applicable] (*If not applicable, delete the remaining sub-paragraph of this paragraph*)
	(a)	Floating Rate Option:	[*specify*]
	(b)	Designated Maturity:	[*specify*]
	(c)	Reset Date:	[*specify*]
(iii)	Reference Spread:		[Reference Item Rate 1 minus Reference Item Rate 2[Not applicable] [See paragraph [*specify*][above][below]
(iv)	Redemption Valuation Date(s)/Period(s):		[*specify*][Not applicable]
(v)	Range Accrual Cut-Off Date:		[*specify*][See paragraph [*specify*][above][below]
(vi)	Business Days:		As used in this item and for the purpose of determining the Reference Item Rate only, "**Business Day**" means [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 [*specify*] [A Target Settlement Day][[a "U.S. Government Securities Business Day", being any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for the purposes of trading in U.S. government securities.)

[Not applicable]

43. Combination Note Redemption: [Applicable][Not applicable]

(*Applicable in relation to Reference Item Notes linked to a combination of types of Reference Items*)

(*If applicable, complete relevant prompts from Paragraphs 35 to 42 above*)

44. Provisions applicable to Instalment Notes: [Applicable][Not applicable]

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

(i) Instalment Amounts: [*specify*] [per Calculation Amount]

[The Credit Linked Conditions are [not] applicable to the [*first, second, etc*] Instalment Amount(s)][*Note: include where the Notes are Credit Linked Instalment Notes but where the Instalment Amounts are not subject to the Credit Linked provisions*]

(*repeat as necessary*)

(ii) Instalment Dates: [*specify*]

45. Provisions applicable to Physical Delivery: [Applicable][in accordance with Credit Linked Conditions and paragraph [40] above] [where the Issuer has exercised its option to vary settlement pursuant to the application of Variation of Settlement per paragraph 46 below][Not applicable]

(*If not applicable or the Notes are Credit Linked Notes, delete the remaining sub-paragraphs of this paragraph*)

(i) Entitlement Amount: [*Insert formula, relevant value(s) and other related definitions from Payout Condition 4*][A nominal amount of the Relevant Asset equal to [*specify*]] [An amount per Calculation Amount equal to [*specify*]]

	(ii)	Relevant Asset(s):	[*specify*] (*for bonds, include the following as applicable:)* [ISIN: [*specify*]] [Issuer: [*specify*]] [Maturity: [*specify*]] [Coupon: [*specify*]]
	(iii)	Unwind Costs:	[Applicable:[*specify*]][Standard Unwind Costs][Not applicable]
	(iv)	Cut-off Date:	[*specify*][As specified in General Condition 5(b)]
	(v)	Settlement Business Day(s):	[*specify*]
	(vi)	Delivery Agent:	[Banco Bilbao Vizcaya Argentaria, S.A.][Dealer][*specify*] of [*specify address*]
	(vii)	Assessed Value Payment Amount:	[Applicable][Not applicable]
	(viii)	Failure to Deliver due to Illiquidity:	[Applicable][Not applicable]
46.	**Provisions applicable to Partly Paid Notes; amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:**		[Not Applicable][*give details*]
47.	**Variation of Settlement:**		The Issuer [has][does not have] the option to vary settlement in respect of the Notes as set out in General Condition 5(b)(ii) [The minimum period of notice is [*specify*]][and][the maximum period of notice is [*specify*]]
48.	**Payment Disruption Event:**		[Applicable][Not applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

49.	**Form of Notes:**	[Book-Entry Notes: [Uncertificated, dematerialised book-entry form notes (anotaciones en cuenta) registered with Iberclear][other] [as managing entity of the Central Registry][other registry]][other]. [Bearer Notes: [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for definitive Bearer Notes [on 60 days' notice given at any time/only upon an Exchange Event [including/excluding] the exchange event described in paragraph (iii) of the

			definition in the Permanent Global Note]][14] [Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date][15] [Permanent Bearer Global Note exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event [including/excluding] the exchange event described in paragraph (iii) of the definition in the Permanent Global Note]]][16] [Registered Notes: [Regulation S Global Note [*specify nominal amount*] registered in the name of a nominee for [DTC/ a common depositary for Euroclear and Clearstream, Luxembourg/ a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))]][Registered Global Note [*specify nominal amount*] registered in the name of a nominee for [DTC/ a common depositary for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))][Rule 144A Global Note [*specify nominal amount*] registered in the name of a nominee for DTC/ a common depositary for Euroclear and Clearstream, Luxembourg/ a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS)))][Definitive IAI Registered Notes [*specify nominal amounts*]][Registered Notes in definitive form [*specify nominal amounts*]]] [CREST Depository Instruments: CREST Depository Interests ("**CREST Depository Interests**") representing the Notes may also be issued in accordance with the usual procedures of Euroclear UK & Ireland Limited ("**CREST**").]
50.	**New Global Note:**[17]		[Yes][No] (Note that Book-Entry Notes are not New Global Notes)
51.	(i)	**Financial Centre(s):**	[Not applicable][*give details*]
	(ii)	**Additional Business Centre(s):**	[Not applicable] [*specify*](*Note that this paragraph relates to the place of payment and not interest period end dates. All relevant Financial Centre(s) (including the location of the relevant agent(s)) should be included other than Target*)

[14] In relation to any Tranche of Notes which are expressed to be issued in denominations of EUR100,000 and integral multiples of EUR 1,000 the Global Note will not be exchangeable at the option of the holder.

[15] In relation to any Tranche of Notes which are expressed to be issued in denominations of EUR100,000 and integral multiples of EUR 1,000 the Global Note will not be exchangeable at the option of the holder.

[16] In relation to any Tranche of Notes which are expressed to be issued in denominations of EUR100,000 and integral multiples of EUR 1,000 the Global Note will not be exchangeable at the option of the holder.

[17] You should only elect "yes" opposite "New Global Note" if you have elected "yes" to the section in Part B under the heading "Operational Information" entitled "Intended to be held in a manner which would allow Eurosystem eligibility".

52.	**Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature):**	[Yes as the Notes have more than 27 Coupon payments, Talons may be required if, on exchange into definitive form, more than 27 Coupons are still to be made][No]
53.	**Redenomination, renominalisation and reconventioning provisions:**	[Not applicable][The provisions in General Condition 8 apply] [*Only applicable for Notes denominated in European currency except for Euro*]
54.	**Prohibition of Sales to EEA Retail Investors:**	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified)*
55.	**Sales outside EEA only:**	[Applicable/Not applicable]

RESPONSIBILITY

[The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms and declare that the information contained in these Final Terms is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. [*Insert relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components*] has been extracted from [*specify source*]. 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 [*specify source*], no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Issuer:	Signed on behalf of the Guarantor:
By: _____	By: _____
Duly authorised	Duly authorised

PART B -OTHER INFORMATION

1 Listing and Admission to trading

	[Application has been made for the Notes to be admitted to trading on Euronext Dublin's regulated market [and Taipei Exchange ("**TPEx**"] with effect from [*specify*].] [*TPEx is not responsible for the content of this document and the Base Prospectus and no representation is made by TPEx to the accuracy or completeness of this document and the Base Prospectus and any supplement or amendment thereto. TPEx expressly disclaims any and all liability for any losses arising from, or as a result of the reliance on, all or part of the contents of this document and the Base Prospectus and any supplement or amendment thereto. Admission to the listing and trading of the Notes on TPEx shall not be taken as an indication of the merits of the Issuer or the Notes. The Notes will be listed and traded on TPEx pursuant to the applicable rules of TPEx*] (*insert specific language required by Stock Exchange/Listing Authority*) (*Indicate in the case of a fungible issue that original Notes are already admitted to trading unless the minimum denomination of the Notes is €100,000 or more (or its equivalent in the relevant currency as at the date of issue) and the Notes are Derivative Securities*
Estimated of total expense related to admission of trading: (*Delete if the minimum Denomination is less than €100,000 (or its equivalent in any other currency as at the date of issue) or if the Notes are Derivative Securities*)	[*specify*]

2 Ratings

Ratings:	[The Notes have not been rated.] [The Notes to be issued [[have been][are expected to be]] rated:] [S&P Global:*[*specify*]] [Moody's:*[*specify*]] [Other*]: [*specify*] *(Please include a brief explanation of the meaning of the above ratings if this has previously been published by the relevant rating provider – this explanation is not required in the case of Notes with a denomination of €100,000 or more (or its equivalent in the relevant currency as at the date of issue) or where the Notes are not derivative*

securities for the purposes of the Prospectus Directive) .

(*Delete the rest of this paragraph 2 unless the Notes are to be listed on a regulated market*)

[[*Inserting rating agency*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [[*Insert rating agency*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[[*Insert the legal name of relevant non-EU credit rating agency entity*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [*Insert the legal name of relevant non-EU credit rating agency entity*] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

[[*Insert legal name of relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). The ratings have been endorsed by [*insert the legal name of the relevant EU-registered credit rating agency entity*] in accordance with CRA Regulation. [*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under the CRA Regulation. [As such [*insert the legal name of the relevant EU-registered credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*] may be used in the EU by the relevant market participants.]

[[*Insert legal name of relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"), but it [[is]/[has applied to be]] certified in accordance with the CRA Regulation [[[EITHER:] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] [[OR:] although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and [*insert the legal name of the relevant non-EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

[[*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and has applied for registration under Regulation (EC) No.

1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority [and [*insert the legal name of the relevant credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant non-EU credit rating agency entity*][, although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and [*insert the legal name of the relevant EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*] may be used in the EU by the relevant market participants.]][18]]

3 Interests of Natural and Legal Persons Involved in the Issue

(Description of any interest, including conflicting interest, that is material to the issue/offer, detailing the persons involved and the nature of the interest. This may be satisfied by the inclusion of the following statement:)

3(i) Save for any fee paid to the Dealer (if applicable, such fee shall as be set out in paragraph 4 below) and/or any fee or other inducement paid to the distributor (if any), so far as the Issuer is aware no person involved in the offer of the Notes has an interest material to the offer. For specific and detailed information on the nature and quantity of the fee or inducement paid to the distributor (if any) the investor should contact the distributor.

(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)

3(ii) Dealer commission [*Specify*]//[Not applicable]

4 Estimated Net Proceeds and Total Expenses[19]

(i) Estimated net proceeds: [*specify*]

(*If proceeds are intended for more than one use will need*

[18] Repeat for each credit rating.

[19] Delete this section for Notes with a denomination of €100,000 or higher (or its equivalent in the relevant currency as at the date of issue) and which are not derivative securities.

to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

(ii) Estimated total expenses: [*specify*]

(*Include breakdown of expenses into each principal intended "use", presented in order of priority of such "uses"*)

5 Yield [20]

Indication of yield: [*specify*]

The yield is calculated at the Issue Date on the basis of the Issue Price.][The yield is calculated at the Issue Date by [*insert method of yield calculation*] on the basis of [*insert yield calculation hypothesis*]] It is not an indication of future yield.

6 Historic Rates of Interest - Floating Rate Notes Only[21]

Details of historic [LIBOR][EURIBOR] [*specify CMS Rate*] rates can be obtained from [Reuters and/or Bloomberg]

7 [Performance of [Index][Share][Inflation][Foreign Exchange Rate][ETF][Fund][Reference Entity/Entities][Formula], Explanation of Effect on Value of Investment and Other Information concerning the Underlying[22]

(Need to include details of where past and future performance and volatility of the index/formula/commodity/rates/reference entity/exchange traded fund/fund/other variable can be obtained and a clear and comprehensive explanation.)

[Where the underlying is an index, include the name of the index and details of where the information about the index can be obtained.][23]

[Where the underlying is a security, include the name of the issuer of the security and the ISIN or equivalent identification number.]

[Where the underlying is a basket of underlying, include the relevant weightings of each underlying in the basket.]

(Need to include a description of any market disruption or settlement disruption events that affect the underlying and any adjustment rules in relation to events concerning the underlying (if applicable).)

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information]

---

[20] Delete this section in the case of Notes which are derivative securities for the purposes of the Prospectus Directive.

[21] Delete this section in the case of Notes with a denomination of €100,000 or more (or its equivalent in the relevant currency as at the date of issue).

[22] Delete this section in the case of Notes with a denomination of €100,000 or more (or its equivalent in the relevant currency as at the date of issue) or where the Notes are not derivative securities for the purposes of the Prospectus Directive.

[23] Required for derivative securities.

8 Operational Information

(i)	ISIN Code:	[*specify*]
(ii)	Common Code:	[*specify*]
(iii)	CUSIP:	[*specify*][Not applicable]
(iv)	Other Code(s):	[*specify*][Not applicable]
	(a) [Valoren Code:	[*specify*][Not applicable]]
	(b) [CFI:[24]	[*specify*][Not applicable]]
	(c) [FISN:[24]	[*specify*][Not applicable]]
(v)	Any clearing system(s) other than Iberclear, Euroclear, Clearstream Luxembourg and the DTC approved by the Issuer and the Principal Paying Agent and the relevant identification number(s):	[Not applicable][*give name(s)*][The Notes will also be eligible for CREST via the issue of CREST Depository Interests representing the Notes]
(vi)	Delivery:	Delivery [against][free of] payment
(vii)	Additional Paying Agent(s) (if any):	[*specify*][Not applicable]
(viii)	Intended to be held in a manner which would allow Eurosystem eligibility	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as Common Safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as Common Safekeeper,] [*include this text for registered Notes*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [No.][Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered notes]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

[24] Only to be included if required by the relevant stock exchange for reference data reporting purposes.

(*NB if "yes" selected the bearer Notes must be issued in NGN form*)

9 DISTRIBUTION

9.1	Method of distribution:		[Syndicated][Non-syndicated] (*if non-syndicated delete paragraph 9.2*]
9.2	(i)	If syndicated, names [and addresses] of Managers [and underwriting commitments/quotas (material features):	[Not applicable][*give names [and addresses] of each entity acting as underwriter [and its respective underwriting commitments]*]
			(*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. Where not all of the issue is underwritten, please include information about portion not covered*)
	(ii)	Date/Description of Subscription Agreement:	[*insert details*][Not applicable]
	(iii)	Stabilisation Manager(s) (if any):	[Not applicable][*give name*]
	(iv)	[Total (underwriting and placing) commission][25]	[*specify*] [[•] per cent. of the Aggregate Nominal Amount]
9.3	If non-syndicated, name [and address] of relevant Dealer:		[Not applicable][*give name* [*and address*]]
			[The Issuer reserves the right to appoint other distributors during the Offer Period, which will be communicated to investors by means of a notice published as specified in paragraph [*specify*].]
			[No underwriting commitment is undertaken by the Distributor.]
9.4	U.S. Selling Restrictions[26]:		[The Notes are only for offer and sale outside the United States in offshore transactions to persons that are not U.S. persons in reliance on Regulation S under the Securities Act and may not be offered, sold, transferred, pledged, delivered, redeemed, directly or indirectly, at any time within the United States or to, or for the account or benefit of, or by, any U.S. person.
			Each initial purchaser of the Notes and each subsequent purchaser or transferee of the Notes shall be deemed to have agreed with the issuer or the seller of such Securities that (i) it will not at any time offer, sell, resell or deliver, directly or indirectly, such Securities so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the

[25] Delete this section in the case of Notes with a denomination of €100,000 or more (or its equivalent in the relevant currency as at the date of issue).

[26] In no event Notes to be offered or sold in the United States will be Book-Entry Notes.

		account or benefit of, any U.S. person and (ii) it is not purchasing any Securities for the account or benefit of any U.S. person.] (*include the preceding two paragraphs for issuance of Bearer Notes pursuant to Regulation S*) [No Notes may be offered, sold, pledged, or otherwise transferred except (i) to the Issuer or any subsidiary thereof, (ii) pursuant to a registration statement that has become effective under the Securities Act of 1933, as amended (the "**Securities Act**"), (iii) to a "Qualified Institutional Buyer" (within the meaning of Rule 144A under the Securities Act ("**Rule 144A**")) in compliance with Rule 144A, who is also a "qualified purchaser" within the meaning of Section 2(a)(51)(A) of the United States Investment Company Act of 1940, as amended (the "**1940 Act**") and the rules and regulations thereunder ("**QP**"), (iv) to a person that is not a U.S. person in an Offshore Transaction complying with the requirements of Rule 903 or Rule 904 of Regulation S under the Securities Act or (v) pursuant to an exemption from registration under the Securities Act (if available).] (*include the preceding two paragraphs for issuance of Registered Global Notes pursuant to Rule 144A*) Reg. S Compliance Category [2]; [TEFRA D][TEFRA C][TEFRA not applicable] (NB: *Notes which will be represented by CREST Depository Interests to be TEFRA C*) [The Notes are Specified Securities] (*Include where necessary for the purposes of the HIRE Act*)
9.5	U.S. "Original Issue Discount" Legend[27]:	[Not applicable] [FOR PURPOSES OF ORIGINAL ISSUE DISCOUNT RULES UNDER THE UNITED STATES INTERNAL REVENUE CODE OF 1986, THIS NOTE HAS ORIGINAL ISSUE DISCOUNT OF [currency][amount] PER EACH [currency][amount] OF NOMINAL AMOUNT OF THIS NOTE; THE ISSUE PRICE OF THIS NOTE IS [currency][amount]; THE ISSUE DATE IS [date]; AND THE YIELD TO MATURITY (COMPOUNDED [semi-annually]) IS [yield].] (*include the preceding legend if the Notes are to be issued pursuant to Rule 144a and are issued with an "original issue discount" for U.S. federal income tax purposes*).
9.6	Non-Exempt Offer:	[Applicable] [Not Applicable](*if not applicable, delete the remaining placeholders of this paragraph 9.6 and also paragraph [10] below*).
	Non-exempt Offer Jurisdictions:	[*specify relevant Member State(s) where the Issuer intends to make Non-exempt Offers (where the Base Prospectus lists the Non-exempt Offer Jurisdictions, select*

[27] In no event Notes to be offered or sold in the United States will be Book-Entry Notes

		from that list), which must therefore be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)]
	Offer Period:	[*specify date*] until [*specify date or a formula such as "the Issue Date" or "the date which falls [specify] Business Days thereafter"*]
	Financial intermediaries granted specific consent to use the Base Prospectus in accordance with the Conditions in it:	[*Insert names and addresses of financial intermediaries/ Authorised Offeror receiving consent (specific consent)*] *(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the Base Prospectus (and any supplement) has been notified / passported.)*

10 Terms and Conditions of the Offer[28]

[Applicable][Not applicable] [*specify*] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) [The Notes will be offered to the public in each Non-exempt Offer Jurisdictions in accordance with the arrangements listed below.]

10.1	Offer Price:	[Not applicable][See 10.11 below][*give details*]
10.2	[Conditions to which the offer is subject:]	[Not applicable][*give details*] [Offers of the Notes are conditional on their issue and are subject to such conditions as are set out in the [Distribution Agreement], As between Dealers and their customers (including Authorised Offerors) or between Authorised Offerors and their customers offers of the Notes are further subject to such conditions as may be agreed between them and/or as is specified in any arrangements in place between them.]
10.3	[Description of the application process]:	[Not applicable][*give details*]
10.4	[Details of the minimum and/or maximum amount of application]:	[Not applicable][*give details*]
10.5	[Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:]	[Not applicable][*give details*]
10.6	[Details of the method and time limits for paying up and delivering the Notes:]	[Not applicable][*give details*] (NB: *Under normal circumstances, on the Issue Date, allocated Notes will he made available to the Dealer(s)/Authorised Offerors in such account as may be held by them directly or indirectly at Euroclear or Clearstream. Luxembourg.*)
10.7	[Manner in and date on which results of the offer	[Not applicable][*give details*]

[28] Delete in respect of Notes with a denomination of at least €100,000 (or equivalent in another currency)

	are to be made public:]	(*If applicable (i) specify dale on which the final size of the issue will be made public and (ii) insert specific details in respect of the method of publication (including, where relevant, details of any advertisements to be published*).)
10.8	[Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercise:]	[Not applicable][*give details*]
10.9	[Whether tranche(s) have been reserved for certain countries:]	[Not applicable][*give details*]
10.10	Indication of the expected price at which the Notes will be offered or the method of determining the price and the process for its disclosure:	[Not applicable] [The Issuer had offered and will sell the Notes to the Dealer(s) (and no one else) at the Issue Price of [*specify*] [less a total commission of [*specify*]]. The Dealer(s) and Authorised Offerors will offer and sell the Notes to their customers in accordance with the arrangements in place between each such Dealer and its customers (including the Authorised Offers) or each such Authorised Offeror and its customers by reference to the Issue Price and the market conditions prevailing at the time.]
10.11	[Process for notification to applications of the amount allotted and the indication whether dealing may begin before notification is made:]	[Not applicable][*give details*] [Prospective Noteholders will be notified by the relevant Dealer(s) and Authorised Offeror in accordance with the arrangements in place between such Dealer(s) or Authorised Offeror and its customers. Any dealing in the Notes, which take place will be at the risk of the prospective Noteholders.]
10.12	[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:]	[Not applicable][*give details*]
10.13	[Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.]	[The Authorised Offerors are identified in 9.6 above and identifiable from the Base Prospectus]/[None]/[*give details*].

11 [Benchmark Regulation

[[Include if applicable: Amounts payable under the Notes may be calculated by reference to [*Specify benchmark*]. [*Specify benchmark*] is provided by [administrator legal name] [repeat as necessary]. [As at the date of these Final Terms, [*administrator legal name*] [appears]/[does not appear] [repeat as necessary] in the register of administrators and benchmarks established and maintained by European Securities and Markets Authority (ESMA) pursuant to article 36 of the Benchmark Regulation.]

[As far as the Issuer is aware, [Benchmark] [does]/[do] not fall within the scope of the BMR by virtue of the transitional provisions in Article 51 of the BMR, such that [Administrator] [is]/[are] not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).] / [Not Applicable][29]]

12 [Index/Other Disclaimer[30]

[The Notes are not sponsored, recommended, endorsed, sold or promoted by the Index or the Index Sponsor. The Index Sponsor does not make any representations, whether express or implied, regarding the results to be

[29] If Benchmark Regulation is not applicable, elect 'Not Applicable'

[30] Delete this section 12 if not required

obtained from using their Index or the level at which an Index may stand at any particular time or any particular date or otherwise, nor its suitability. Further, the Index Sponsor will not have any liability (whether in negligence or otherwise) for any inaccuracy in the data on which the Index is based, for any mistakes, errors, or omissions in the calculation and/or dissemination of the Index, or for the manner in which it is applied in the Notes or the offering thereof. The Issuer shall not have any liability for any act of failure to act by the Index Sponsor in connection with the calculation adjustment or maintenance of the Index. None of the Issuer or its affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.]

(Insert unless the relevant Index has a bespoke disclaimer, in which case, substitute for such bespoke disclaimer)

[IHS Markit Index Disclaimer

The Index Annex which is specified in these Final Terms in relation to the Notes (for the purposes of this disclaimer only, a "**Credit Index**"), is the property of Markit Indices Limited (the "**Index Sponsor**") and has been licensed for use in connection with the Notes. Each of the Noteholders acknowledges and agrees that the Notes are not sponsored, endorsed, or promoted by the Index Sponsor. The Index Sponsor makes no representation whatsoever, whether express or implied, and hereby expressly disclaims all warranties (including, without limitation, those of the merchantability or fitness for a particular purpose or use), with respect to the Credit Index or any data included therein or relating thereto, and in particular disclaims any warranty either as to the quality, accuracy and/or completeness of the Credit Index or any data included therein, the results obtained from the use of the Credit Index and/or the composition of the Credit Index at any particular time on any particular date or otherwise and/or the creditworthiness of any entity, or the likelihood of the occurrence of a credit event or similar event (however defined) with respect to an obligation, in the Credit Index at any particular time on any particular date or otherwise. The Index Sponsor shall not be liable (whether in negligence or otherwise) to the parties or any other person for any error in the Credit Index, and the Index Sponsor is under no obligation to advise the parties or any person of any error therein. The Index Sponsor makes no representation whatsoever, whether express or implied, as to the advisability of purchasing or selling the Notes, the ability of the Credit Index to track relevant markets' performances, or otherwise relating to the Credit Index or any transaction or product with respect thereto, or of assuming any risks in connection therewith. The Index Sponsor has no obligation to take the needs of any party into consideration in determining, composing or calculating the Credit Index. No party purchasing or selling the Notes, nor the Index Sponsor shall have any liability to any party for any act or failure to act by the Index Sponsor in connection with the determination, adjustment, calculation or maintenance of the Credit Index. "**iTraxx®",** "**Markit iTraxx**® Europe" and any other Index using the title "**Markit iTraxx® Europe**" are service marks of Markit Indices Limited and have been licensed for use by the Issuer.]

[[The Issuer is only offering to and selling to the Dealer(s) pursuant to and in accordance with the terms of the [Programme Agreement]. All sales to persons other than the Dealer(s) will be made by the Dealer(s) or persons to whom they sell, and/or otherwise make arrangements with, including the Financial Intermediaries. The Issuer shall not be liable for any offers, sales or purchase of Notes by the Dealer(s) or Financial Intermediaries in accordance with the arrangements in place between any such Dealer or any such Financial Intermediary and its customers.]

[[Each [of] the Dealer(s) has acknowledged and agreed, and any Financial Intermediary will be required by the Dealer(s) to acknowledge and agree, that for the purpose of offer(s) of the Notes, the Issuer has passported the Base Prospectus in each of the Non-exempt Offer Jurisdictions and will not passport the Base Prospectus into any other European Economic Area Member State; accordingly, the Notes may only be publicly offered in Non-exempt Offer Jurisdictions or offered to Qualified Investors (as defined in the Prospectus Directive) in any other European Economic Area Member States and that all offers of Notes by it will be made only in accordance with the selling restrictions set forth in the Prospectus and the provisions of these Final Terms and in compliance with all applicable laws and regulations.][31]].

---

31 Delete unless for a public offer

FORM OF FINAL TERMS

[Financial intermediaries seeking to rely on the Base Prospectus and any Final Terms to resell or place Notes as permitted by article 3.2 of the 2010 PD Amending Directive must obtain prior written consent from the Issuer and the Guarantor; nothing herein is to be understood as a waiver of such requirement for prior written consent.][32]

[32] Delete in respect of Notes with a denomination of at least €100,000 (or equivalent in another currency)

SUMMARY OF NOTE

SUMMARY OF NOTES

[*Insert completed summary for the Notes, unless minimum denomination is equal to or greater than €100,000 (or its equivalent in any other currency)*]

USE OF PROCEEDS

The net proceeds from each issue of Notes will be deposited with the Guarantor.

The net proceeds from each issue will be used for loans and/or investments extended to, or made in, other companies and entities belonging to the Group (for this purpose, as defined in section 3:2 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) ("**FMSA**")).

BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect. The Issuer and the Guarantor take responsibility for the correct extraction and reproduction of the information in this section concerning the Clearing Systems, but none of the Issuer, the Guarantor nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Guarantor nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

Book-entry Systems

DTC

DTC has advised the Issuer and the Guarantor that it is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants ("**Participants**") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the NYSE MKT LLC, Inc. and the Financial Industry Regulatory Authority, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**Rules**"), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system ("**DTC Notes**") as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes ("**Owners**") have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed

by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system. For further information on Euroclear and Clearstream, Luxembourg relating to the Notes, please see "*Taxation*".

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of a Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in US dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a

currency other than US dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into US dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian ("**Custodian**") with whom the relevant Registered Global Notes have been deposited.

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

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Guarantor, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

BOOK-ENTRY CLEARANCE SYSTEMS

Euroclear UK & Ireland Limited

Following their delivery into a clearing system, interests in Notes may be delivered, held and settled in Euroclear UK & Ireland Limited ("**CREST**") by means of the creation of dematerialised depository interests ("CREST **Depository Interests**") representing the interests in the relevant Notes ("**Underlying Securities**"). The CREST Depository Interests will be issued by CREST Depository Limited or any successor thereto (the "**CREST Depository**") to holders of the CREST Depository Interests and will be constituted and governed by English law. CREST International Nominees Limited or another entity appointed to act as nominee in accordance with the CREST Deed Poll (as defined below) (the "**CREST Nominee**") will hold the legal title to the Underlying Securities and the direct enforcement right in respect of the Underlying Securities.

The CREST Depository Interests will represent indirect interests in the interest of the CREST Nominee in the Underlying Securities. Pursuant to the documents setting out the legal relationship of CREST with its users and participants (the "**CREST Manual**"), Notes held in global form by the Common Depositary may be settled through CREST, and the CREST Depository will issue CREST Depository Interests. The CREST Depository Interests will be independent securities which may be held and transferred through CREST.

Interests in the Underlying Securities will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CREST Depository Interests to the relevant CREST participants.

Each CREST Depository Interest will be treated by the CREST Depository as if it were one Underlying Security, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to holders of CREST Depository Interests any interest or other amounts received by it as holder of the Underlying Securities on trust for such holder. Holders of CREST Depository Interests will also be able to receive from CREST notices of meetings of holders of Underlying Securities and other relevant notices issued by the Issuer.

Transfers of interests in Underlying Securities by a CREST participant to a participant of Euroclear or Clearstream, Luxembourg will be affected by cancellation of the CREST Depository Interests and transfer of an interest in such Notes underlying the CREST Depository Interests to the account of the relevant participant with Euroclear or Clearstream, Luxembourg. The CREST Depository Interests will have the same ISIN as the ISIN of the Underlying Securities and will not require a separate listing on the Official List of Euronext Dublin or the Official List of the United Kingdom Listing Authority.

Holders of CREST Depository Interests are referred to Chapter 8 of the CREST International Manual (as contained in the CREST Manual) which contains the form of the CREST Deed Poll to be entered into by the CREST Depository (the "**CREST Deed Poll**"). The rights of the holder of CREST Depository Interests will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer including the CREST Deed Poll executed by the CREST Depository. These rights may be different from those of holders of Notes which are not represented by CREST Depository Interests.

If issued, CREST Depository Interests will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service (the "**CREST International Settlement Links Service**"). The settlement of the CREST Depository Interests by means of the CREST International Settlement Links Service has the following consequences for holders of CREST Depository Interests:

(i) holders of CREST Depository Interests will not be the legal owners of the Underlying Securities. The CREST Depository Interests are separate legal instruments from the Underlying Securities to which they relate and represent an indirect interest in such Underlying Securities;

(ii) the Underlying Securities themselves (as distinct from the CREST Depository Interests representing indirect interests in such Underlying Securities) will be held in an account with a custodian. The custodian will hold the Underlying Securities through a clearing system. Rights in the Underlying Securities will be held through custodial and depositary links through the appropriate clearing systems. The legal title to the Underlying Securities or to interests in the Underlying Securities will depend on the rules of the clearing system in or through which the Underlying Securities are held;

(iii) rights under the Underlying Securities cannot be enforced by holders of CREST Depository Interests except indirectly through the intermediary depositaries and custodians described above. The enforcement of rights under the Underlying Securities will therefore be subject to the local law of the relevant intermediary. The rights of holders of CREST Depository Interests to the Underlying Securities are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Securities. This could result in an elimination or

reduction in the payments that otherwise would have been made in respect of the Underlying Securities in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Securities held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries;

(iv) the CREST Depository Interests issued to holders of CREST Depository Interests will be constituted and issued pursuant to the CREST Deed Poll. Holders of CREST Depository Interests will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to, the CREST International Manual and the CREST Rules applicable to the CREST International Settlement Links Service (in each case as contained in the CREST Manual) and such holders must comply in full with all obligations imposed on them by such provisions;

(v) the provisions of the CREST Deed Poll and the CREST Manual (including for the avoidance of doubt the provisions of the CREST International Manual and the CREST Rules) contain indemnities, warranties, representations and undertakings to be given by holders of CREST Depository Interests and limitations on the liability of the issuer of the CREST Depository Interests, being the CREST Depository;

(vi) holders of CREST Depository Interests may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of holders is drawn to the terms of the CREST Deed Poll and the CREST Manual (including for the avoidance of doubt the provisions of the CREST International Manual and the CREST Rules), copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44 (0) 207 849 0000 or from the CREST website at: https://www.euroclear.com/en.html;

(vii) holders of CREST Depository Interests may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Notes through the CREST International Settlement Links Service;

(viii) neither the Issuer, the Guarantor, the Dealer nor any Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations; and

(ix) Notes issued in temporary global form exchangeable for a Permanent Bearer Global Note will not be eligible for CREST settlement as CREST Depository Interests. As such, investors investing in any such Underlying Securities through CREST Depository Interests will only receive the CREST Depository Interests after such Temporary Bearer Global Note is exchanged for a Permanent Bearer Global Note, which could take up to 40 days after the issue of the Notes.

Iberclear

Iberclear is the Spanish central securities depositary in charge of both the register of securities held in book-entry form to be listed on a Spanish regulated market, and the clearing and settlement of all trades from the Spanish Stock Exchange, the Public Debt market, AIAF and Latin American stock exchange denominated in euros (Latibex).

Iberclear is owned by the group Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Finanacieros, S.A. a holding company which holds a 100 per cent. interest in the Spanish regulated markets, Bolsa de Madrid, Bolsa de Barcelona, Bolsa de Bilbao, Bolsa de Valencia, AIAF, Senaf, Latibex, Mercado Alternativo Bursátil and in the Spanish settlement systems BME Clearing and Iberclear. The clearance and settlement system of Iberclear and its members are responsible for maintaining records of purchases and sales under the book-entry system.

Iberclear maintains a registry reflecting the number of securities held by each of its member entities on its own behalf as well as the number of securities held on behalf of the third parities. Each member entity, in turn, maintains a registry of the owners of such securities.

On the relevant date for payment of interest amounts in respect of debt securities, Iberclear credits to each participant entity an amount corresponding to the balance of the securities appearing in the records of the relevant participant entity on the day prior to the relevant payment date.

BOOK-ENTRY CLEARANCE SYSTEMS

Transfers of any interests in Notes represented by Book-Entries within Iberclear or a Book-Entry Depositary will be effected in accordance with the customary rules and operating procedures of Iberclear or the relevant clearing system, in accordance with the laws of Spain.

Subject to compliance with the transfer restrictions applicable to the Book-Entry Notes described under "Subscription and Sale and Transfer and Selling Restrictions", cross-market transfers between and directly or indirectly through Clearstream, Luxembourg, Euroclear or Iberclear accountholders will be effected by the relevant clearing system in accordance with its rules and through action taken by the relevant Registrar, the relevant Paying Agent and any custodian (Custodian) with whom the relevant Book-Entry Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Iberclear will generally have a settlement date two business days after the trade date (T+2). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg, Euroclear or Iberclear will need to have an agreed settlement date between the parties to such transfer.

Iberclear have published rules and operating procedures designed to facilitate transfers of beneficial interests in Book-Entry Notes between Clearstream, Luxembourg, Euroclear and/or Iberclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Guarantor, the Agents or any Dealer will be responsible for any performance by Clearstream, Luxembourg, Euroclear or Iberclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Book-Entry Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

DESCRIPTION OF BBVA GLOBAL MARKETS B.V.

Person Responsible

The Issuer assumes responsibility for the information contained in this Base Prospectus. Having taken all reasonable care to ensure such is the case, that the information contained in the Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its content.

Introduction

BBVA Global Markets, B.V., a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid), was incorporated under the laws of the Netherlands on 29 October 2009 for an unlimited duration and with the purpose of issuing notes under the Programme in accordance with the objects clause contained in article 3 of the Deed of Incorporation of the Issuer dated 29 October 2009 which reads as follows:

"The objects for which the Company is established are to raise finance through the issuance of bonds, notes, warrants, certificates and other debt instruments, and invest the funds raised in any kind of financial assets. For these purposes, the Company may enter into (i) derivative transactions or other hedging agreements, and (ii) other agreements with third parties in connection with the above object."

The Issuer has its seat (zetel) in Amsterdam. The Issuer's registered office in Amsterdam, the Netherlands and its principal place of business at Calle Sauceda, 28, Edificio Asia, 28050 Madrid, Spain (tel: +34 913745123). The Issuer is registered in the trade register of the Chamber of Commerce and Industry in Amsterdam under number 34363108. The Issuer has its place of effective management and centre of principal interests in Spain. The Legal Entity Identifier ("**LEI**") of the Issuer is 213800L2COK1WB5Q3Z55.

Business

The principal business of the Issuer is to raise funds on the capital and money markets to finance the business activities of, and enter into other financial agreements with, the Guarantor and its subsidiaries.

The Issuer serves as a financing company for the purposes of the Group and is regularly engaged in different financing transactions within the limits set forth in its deed of incorporation (the "**Deed of Incorporation**"). The Issuer's objective is, among others, to arrange medium and long term financing for the Group and cost saving by grouping these activities. Because of its aforementioned purpose, the Issuer does not have any markets in which it competes and, therefore, the Issuer cannot make a statement regarding its competitive position in any markets.

The Issuer is a financing company that is exempt from the licence requirements to operate as a bank pursuant to the exemption contained in section 3:2 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht) (the "**FMSA**"), as long as:

(i) there is an unconditional guarantee from the Guarantor for the due and punctual payment of all amounts payable to the Holders that form part of the "public" (as defined in the FSMA), and the Guarantor's consolidated equity capital remains positive throughout the term of the guarantee; and

(ii) at least 95 per cent. of its borrowings consist of loans and/or investments extended to, or made in, other companies and entities belonging to the Group (as defined in section 3:2 of the FMSA).

History

The Issuer has not previously carried on any business or carried on any activities other than (i) those incidental to its registration, the authorisation and issues of Notes contemplated in this Base Prospectus and the other matters described or contemplated in this Base Prospectus, (ii) the obtaining of all approvals and the effecting of all registrations and filings necessary or desirable for its business activities, and (iii) other securities issues including warrants and other structured notes.

DESCRIPTION OF BBVA GLOBAL MARKETS B.V.

Ownership and Capital Structure

The authorised share capital of the Issuer is €90,000 divided into 900 ordinary shares of €100 each. The total issued and paid up share capital amounts to €18,000 consisting of 180 ordinary shares. The Issuer is a direct wholly-owned subsidiary of BBVA and does not have any subsidiaries of its own.

In addition, BBVA made a €19,000 share premium contribution to the Issuer on 21 November 2011 and a €53,000 share premium contribution to the Issuer on 19 December 2012. There are no preferential rights of shares or profit sharing certificates. There is no conditional share capital. The entire clause 4 of the Deed of Incorporation regarding the share capital reads as follows:

"The authorised share capital of the Company is ninety thousand euro (EUR 90,000), divided into nine hundred (900) Shares, each with a par value of one hundred euro (EUR 100)."

Financial Statements

The Issuer has published audited financial statements for the financial years ended 31 December 2018 and 31 December 2017 (the "**Issuer's Financial Statements**"). The Issuer's Financial Statements were prepared in accordance with EU-IFRS and are incorporated by reference into this Base Prospectus (see page 100). Other than as described herein there has been no material change in the capitalisation of the Issuer. No dividends have been paid out by the Issuer since its incorporation.

Income Statement

The table below sets out summary information extracted from the Issuer's audited Financial Statements of comprehensive income for the period ended 31 December 2018 and 31 December 2017.

Thousands of euros	**31.12.2018** (audited)	**31.12.2017(*)** (audited)
—Interest income and similar income	—	200,488
—Interest expense and similar expenses	—	(200,063)
—Exchange rate differences	(9)	(141)
—Other operating income	388	188
Other operating expenses	(268)	(318)
Result of the year before tax	61	154
—Income tax	(18)	(42)
Total comprehensive result of the year	**43**	**112**

(*) Presented for comparison purposes only.

Statement of Financial Position

The table below sets out summary information extracted from the Issuer's audited Financial Statements of statement of financial position as of 31 December 2018 and 31 December 2017:

Thousands of euros	**31.12.2018 AUDITED**	**31.12.2017(*) AUDITED**
ASSETS:		
Non-current assets	2,336,508	2,161,047
Current assets	211,550	271,229
Total assets	**2,548,058**	**2,432,276**
LIABILITIES:		

Non-current liabilities	2,336,186	2,160,082
Current liabilities	211,641	271,507
Total liabilities	**2,547,827**	**2,431,589**
SHAREHOLDER'S EQUITY:		
—Issued share capital	90	90
—Share premium	250	—
—Other reserves	(152)	485
—Result of the year	43	112
Total shareholder's equity	2,548,058	2,432,276

(*) Presented for comparison purposes only.

The Issuer has issued securities of the same class as the Notes to be issued under the Programme which are listed on the following regulated markets: the regulated market of the Irish Stock Exchange trading as Euronext Dublin and AIAF.

The auditors of the Issuer are KPMG Accountants N.V. Laan van Langerhuize 1, 1186 DS Amstelveen, The Netherlands, who are Chartered Accountants and members of the Royal Netherlands Institute of Chartered Accountants (Koninklijke Nederlandse Beroepsorganisatie van Accountants).

The Issuer does not have an audit committee. The audit committee of Guarantor, which is the sole shareholder of the Issuer, is fully compliant with Spanish corporate governance standards as is described in sections C.2.1 to C.2.5 of the "Informe Anual de Gobierno Corporativo" filed with the CNMV on 21 May 2019 with the audited consolidated and individual annual financial statements of the Guarantor for the financial year ended 31 December 2018.

Management

The Board of Directors of the Issuer consists of the following Managing Directors:

Name	Position at the Issuer	Present Principal Occupation Outside of the Issuer
Raul Moreno Carnero	Managing Director	Institutional Funding Manager of BBVA
Maria Angeles Coscarón Tome	Managing Director	Head of Global Structured Solutions of BBVA
Christian Højbjerre Mortensen	Managing Director	Global Structured Solutions Manager of BBVA
Eloy Fontecha Fernandez	Managing Director	Head of Global Fixed Income of BBVA

There are no potential conflicts of interest between any duties of the directors of the Issuer and their private interests.

DESCRIPTION OF BBVA GLOBAL MARKETS B.V.

The business address of the Managing Directors of the Issuer is Calle Sauceda 28, Edificio Asia, 28050 Madrid, Spain. The Issuer does not have any employees.

The Issuer complies with the corporate governance regime in the Netherlands.

Tax Status of the Issuer

The Issuer has its tax residency in Spain.

Legal Procedings

There are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Person Responsible

The Guarantor assumes responsibility for the information featured under the heading "Description of Banco Bilbao Vizcaya Argentaria, S.A." in this Base Prospectus. Having taken all reasonable care to ensure such is the case, that the information contained in the Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its content.

History and Development of BBVA

BBVA's predecessor bank, BBV (Banco Bilbao Vizcaya), was incorporated as a public limited company (a "sociedad anónima" or S.A.) under the Spanish Corporations Law on October 1, 1988. BBVA was formed following the merger of Argentaria into BBV (Banco Bilbao Vizcaya), which was approved by the shareholders of each entity on December 18, 1999 and registered on January 28, 2000. It conducts its business under the commercial name "BBVA". BBVA is registered with the Commercial Registry of Vizcaya (Spain). It has its registered office at Plaza de San Nicolás 4, Bilbao, Spain, 48005, and operates out of Calle Azul, 4, 28050, Madrid, Spain (Telephone: +34-91-374-6201). BBVA's agent in the U.S. for U.S. federal securities law purposes is Banco Bilbao Vizcaya Argentaria, S.A. New York Branch (1345 Avenue of the Americas, 44th Floor, New York, New York 10105 (Telephone: +1-212-728-1660)). BBVA is incorporated for an unlimited term.

Capital Expenditures

The Group's principal investments are financial investments in its subsidiaries and affiliates. The main capital expenditures from 2016 to 2018 and up to the date of filing of this Base Prospectus were the following:

2019

In 2019, up to the date of filing, there were no significant capital expenditures.

2018

In 2018 there were no significant capital expenditures.

2017

Acquisition of an additional 9.95% of Garanti

On 22 March 2017, the Guarantor acquired 41,790,000,000 shares (in the aggregate) of Turkiye Garanti Bankasi ("**Garanti**") (amounting to 9.95 per cent. of the total issued share capital of Garanti) from Doğuş Holding A.Ş. and Doğuş Araştırma Geliştirme ve Müşavirlik Hizmetleri A.Ş., under certain agreements entered into on 21 February 2017, at a purchase price of 7.95 Turkish Liras ("**TL**") per share (approximately 3,322 million TL or €859 million in the aggregate).

2016

In 2016 there were no significant capital expenditures.

Capital Divestitures

BBVA Group's principal divestitures are financial divestitures in its subsidiaries and in affiliates. The main capital divestitures from 2016 to 2018 and up to the date of filing of this Base Prospectus were the following:

2019

In 2019, up to the date of filing, there were no significant capital divestitures.

2018

Sale of BBVA's stake in BBVA Chile

On 28 November 2017, BBVA received a binding offer (the "**Offer**") from The Bank of Nova Scotia ("**Scotiabank**") for the acquisition of BBVA's stake in Banco Bilbao Vizcaya Argentaria Chile, S.A. ("**BBVA Chile**") as well as in other companies of the Group in Chile with operations that are complementary to the banking business (among them, BBVA Seguros de Vida, S.A.). BBVA owned, directly and indirectly, 68.19 per cent. of BBVA Chile's share capital. On 5 December 2017, BBVA accepted the Offer and entered into a sale and purchase agreement and the sale was completed on 6 July 2018.

The consideration received in cash by BBVA in the referred sale amounted to approximately $2,200 million. The transaction resulted in a capital gain, net of taxes, of €633 million, which was recognised in 2018.

Agreement for the creation of a joint venture and transfer of the real estate business in Spain

On 28 November 2017, BBVA reached an agreement with Promontoria Marina, S.L.U. ("**Promontoria**"), a company managed by Cerberus Capital Management, L.P. ("**Cerberus**"), for the creation of a joint venture to which an important part of the real estate business of BBVA in Spain (the "**Business**") was transferred.

The Business comprises: (i) foreclosed real estate assets (the "**REOs**") held by BBVA as of 26 June 2017, with a gross book value of approximately €13,000 million; and (ii) the necessary assets and employees to manage the Business in an autonomous manner. For purposes of the transaction with Cerberus, the Business was valued at approximately €5,000 million.

On 10 October 2018, after obtaining all the required authorizations, BBVA completed the transfer of the Business (except for part of the agreed REOs, as further explained below) to Divarian Propiedad, S.A. ("**Divarian**") and the sale of an 80 per cent. stake in Divarian to Promontoria. Following the closing of the transaction, BBVA retained 20 per cent. of the share capital of Divarian.

Although the Group has agreed to contribute all of the Business to Divarian, the effective transfer of several REOs remains subject to the fulfilment of certain conditions precedent. The final price payable by Promontoria will be adjusted depending on the volume of REOs ultimately contributed to Divarian.

As of 31 December 2018 and for the year then ended, the transaction did not have a significant impact on the Group's attributable profit or Common Equity Tier 1 (fully loaded).

The above transaction is referred to as the "**Cerberus Transaction**" in this Base Prospectus.

Sale of BBVA's stake in Testa

On 14 September 2018, BBVA and other shareholders of Testa Residencial SOCIMI, S.A. ("**Testa**") entered into an agreement with Tropic Real Estate Holding, S.L. (a company which is advised and managed by a private equity investment group controlled by Blackstone Group International Partners LLP) pursuant to which BBVA agreed to transfer its 25.24 per cent. interest in Testa to Tropic Real Estate Holding, S.L. The sale was completed on 21 December 2018.

The consideration received in cash by BBVA in the referred sale amounted to €478 million.

Sale of non-performing and in default mortgage credits

On 21 December 2018, BBVA reached an agreement with Voyager Investing UK Limited Partnership, an entity managed by Canada Pension Plan Investment Board, for the transfer of a portfolio of credit rights which is mainly composed by non-performing and in default mortgage credits, with an aggregate outstanding balance amounting to approximately €1,490 million. Completion of the transaction is subject to fulfilment of certain conditions and is expected to take place during the second quarter of 2019.

2017

In 2017 there were no significant capital divestitures.

2016

In 2016 there were no significant capital divestitures.

Business Overview

The Group is a highly diversified international financial group, with strengths in the traditional banking businesses of retail banking, asset management, private banking and wholesale banking. It also has investments in some of Spain's leading companies.

The Group is committed to offering a compelling digital proposition and is focused on increasingly offering products online and through mobile channels, improving the functionality of its digital offerings and refining the customer experience. In 2018, the number of digital and mobile customers and the volume of digital sales continued to increase.

Operating Segments

Set forth below are the Group's operating segments:

- Banking activity in Spain
- Non-core Real Estate
- The United States
- Mexico
- Turkey
- South America
- Rest of Eurasia

In addition to the operating segments referred to above, the Group has a corporate center (the "**Corporate Center**") which includes those items that have not been allocated to an operating segment. It includes the Group's general management functions, including: costs from central units that have a strictly corporate function; management of structural exchange rate positions carried out by the Financial Planning unit; specific issues of capital instruments to ensure adequate management of the Group's overall capital position; certain proprietary portfolios; certain tax assets and liabilities; certain provisions related to commitments with employees; and goodwill and other intangibles. As of 31 December, 2018, BBVA's 20 per cent. stake in Divarian was included in this unit.

The breakdown of the Group's total assets by operating segments as of 31 December 2018, 2017 and 2016 is as follows:

	As of 31 December		
Total Assets by Operating Segment	2018	2017	2016[(1)]
	(in Millions of Euros)		
Banking Activity in Spain	335,294	319,417	335,847
Non-Core Real Estate	4,163	9,714	13,713
The United States	82,057	75,775	88,902

Mexico	96,455	94,061	93,318
Turkey	66,250	78,694	84,866
South America	52,385	74,636	77,918
Rest of Eurasia	18,000	17,265	19,106
Subtotal Assets by Operating Segment	**654,605**	669,562	**713,670**
Corporate Center and other adjustments	22,084	20,497	18,186
Total Assets BBVA Group	**676,689**	690,059	**731,856**

(1) Financial information for 2016 has not been revised to reflect changes in our operating segments in 2018, including the inclusion of BBVA Bancomer's branch in Houston (which was previously part of our United States operating segment) in our Mexico operating segment since 2018. If BBVA Bancomer's branch in Houston had been part of our Mexico operating segment in 2016 (rather than of our United States operating segment), total assets of the United States and the Mexico operating segments would have been €84,726 million and €97,492 million, respectively, as of 31 December 2016.

The following table sets forth information relating to the profit (loss) attributable to parent company by each of BBVA's operating segments and Corporate Center for the years ended 31 December 2018, 2017 and 2016:

	Profit/(Loss) Attributable to Parent Company			**% of Profit/(Loss) Attributable to Parent Company**		
	For the Year Ended 31 December 2018					
	2018	**2017**	**2016(1)**	**201**	**2017**	**2016(1)**
	(In Millions of Euros)			**(In Percentage)**		
Banking Activity in Spain	1,522	1,374	905	26	26	21
Non Core Real Estate	(78)	(490)	(595)	(1)	(9)	(14)
The United States	735	486	459	13	9	11
Mexico	2,384	2,187	1,980	41	41	46
Turkey	569	826	599	10	15	14

South America	591	861	771	10	16	18
Rest of Eurasia	93	125	151	2	2	4
Subtotal operatin segments	**5,818**	**5,368**	**4,269**	100	100	100
Corporate Center	(494)	(1,848)	(794)			
Profit attributable to parent company	**5,324**	**3,519**	**3,475**			

(1) Financial information for 2016 has not been revised to reflect changes in our operating segments in 2018, including the inclusion of BBVA Bancomer's branch in Houston (which was previously part of our United States operating segment) in our Mexico operating segment since 2018. If BBVA Bancomer's branch in Houston had been part of our Mexico operating segment in 2016 (rather than of our United States operating segment), profit attributable to parent company for the United States and the Mexico operating segments would have been €442 million and €1,997 million, respectively, for the year ended 31 December 2016.

The following table sets forth information relating to the income of each operating segment and the Corporate Center for the years ended 31 December, 2018, 2017 and 2016:

	Operating Segments								
	Banking Activity in Spain	**Non-Core Real Estate**	**The United States**	**Mexico**	**Turkey**	**South America**	**Rest of Eurasia**	**Corporate Center**	**BBVA Group**
	(In Millions of Euros)								
2018									
Net interest income	3,672	32	2,276	5,568	3,135	3,009	175	(276)	17,591
Gross income	5,943	38	2,989	7,193	3,901	3,701	415	(432)	23,747
Net margin before provisions[(1)]	2,680	(28)	1,127	4,825	2,658	2,011	124	(1,352)	12,045
Operating profit/(loss) before tax	2,017	(129)	919	3,294	1,448	1,307	144	(1,420)	7,580
Profit attributable to parent company	**1,522**	**(78)**	**735**	**2,384**	**569**	**591**	**93**	**(494)**	**5,324**
2017									
Net interest income	3,738	71	2,119	5,476	3,331	3,200	180	(357)	17,758
Gross income	6,180	(17)	2,876	7,122	4,115	4,451	468	73	25,270

Net margin before provisions[1]	2,790	(116)	1,025	4,671	2,612	2,444	160	(815)	12,770
Operating profit/(loss) before tax	1,854	(656)	748	2,984	2,147	1,691	177	(2,013)	6,931
Profit attributable to parent company	**1,374**	**(490)**	**486**	**2,187**	**826**	**861**	**125**	**(1,848)**	**3,519**
2016									
Net interest income	3,877	60	1,953	5,126	3,404	2,930	166	(455)	17,059
Gross income	6,416	(6)	2,706	6,766	4,257	4,054	491	(31)	24,653
Net margin before provisions[1]	2,837	(130)	863	4,371	2,519	2,160	149	(907)	11,862
Operating profit/(loss) before tax	1,268	(743)	612	2,678	1,906	1,552	203	(1,084)	6,392
Profit attributable to parent company	**905**	**(595)**	**459**	**1,980**	**599**	**771**	**151**	**(794)**	**3,475**

(1) "Net margin before provisions" is calculated as "Gross income" less "Administration costs" and "Depreciation and amortization".

The following tables set forth information relating to the balance sheet of the main operating segments as of 31 December, 2018, 2017 and 2016:

	As of 31 December, 2018					
	Banking Activity in Spain	**The United States**	**Mexico**	**Turkey**	**South America**	**Rest of Eurasia**
	(In Millions of Euros)					
Total Assets	**335,294**	**82,057**	**96,455**	**66,250**	**52,385**	**18,000**
Cash, cash balances at central banks and other demand deposits	27,841	4,835	8,274	7,853	8,987	273
Financial assets designated at fair value (1)	100,094	10,481	26,022	5,506	5,634	504
Financial assets at amortised cost	193,936	63,539	57,709	50,315	36,649	16,930
Loans and advances to customers	169,856	60,808	51,101	41,478	34,469	15,731
Of which:						
Residential mortgages	74,639	10,990	9,197	3,530	6,629	1,821
Consumer finance	11,748	9,187	12,145	9,145	9,431	420
Loans	*9,665*	*8,467*	*7,347*	*5,265*	*7,374*	*410*
Credit cards	*2,083*	*720*	*4,798*	*3,880*	*2,058*	*10*

	As of 31 December, 2018					
	Banking Activity in Spain	**The United States**	**Mexico**	**Turkey**	**South America**	**Rest of Eurasia**
Loans to enterprises	45,367	32,862	20,493	27,657	16,975	12,818
Loans to public sector	15,327	5,400	5,726	95	1,078	414
Total Liabilities	**332,656**	**78,812**	**92,998**	**57,966**	**45,933**	**17,696**
Financial liabilities held for trading and designated at fair value through profit or loss	66,255	234	18,028	1,852	1,357	42
Financial liabilities at amortised cost - Customer deposits	180,891	63,891	50,530	39,905	35,842	4,876
Of which:						
Current and savings accounts	142,199	41,206	38,147	12,530	23,025	3,544
Time deposits	38,263	16,857	11,593	27,367	12,817	1,333
Total Equity	**2,638**	**3,245**	**3,457**	**8,284**	**6,452**	**304**
Assets Under Management	**62,557**	-	**20,647**	**2,894**	**11,662**	**388**
Mutual funds	39,249	-	17,733	669	3,741	-
Pension funds	23,274	-	-	2,225	7,921	388
Other placements	35	-	2,914	-	-	-

(1) Financial assets designated at fair value includes: “Financial assets held for trading”, “Non-trading financial assets mandatorily at fair value through profit or loss”, “Financial assets designated at fair value through profit or loss” and “Financial assets at fair value through other comprehensive income”.

	As of 31 December, 2017					
	Banking Activity in Spain	**The United States**	**Mexico**	**Turkey**	**South America**	**Rest of Eurasia**
	(In Millions of Euros)					
Total Assets	**319,417**	**75,775**	**94,061**	**78,694**	**74,636**	**17,265**
Cash, cash balances at central banks and other demand deposits	13,463	7,138	8,833	4,036	9,039	877
Financial assets designated at fair value (1)	79,501	11,068	28,627	6,419	11,627	991
Financial assets at amortised cost	221,391	54,705	47,691	65,083	51,207	15,009
Loans and advances to customers	183,172	53,718	45,768	51,378	48,272	14,864
Of which:						
Residential mortgages	77,419	11,048	8,081	5,147	11,681	2,118

	As of 31 December, 2017					
	Banking Activity in Spain	**The United States**	**Mexico**	**Turkey**	**South America**	**Rest of Eurasia**
Consumer finance	9,804	6,841	10,820	11,185	10,883	305
Loans	*7,845*	*6,312*	*6,422*	*6,760*	*8,168*	*282*
Credit cards	*1,959*	*529*	*4,397*	*4,425*	*2,715*	*23*
Loans to enterprises	46,561	28,841	17,838	34,371	23,567	11,599
Loans to public sector	16,131	5,133	5,262	148	1,114	514
Total Liabilities	**309,731**	**72,532**	**90,667**	**70,253**	**69,885**	**16,330**
Financial liabilities held for trading and designated at fair value through profit or loss	36,817	139	9,405	648	2,823	45
Financial liabilities at amortised cost - Customer deposits	177,763	60,806	49,964	44,691	45,666	6,700
Of which:						
Current and savings accounts	126,737	38,486	34,855	14,240	26,200	4,278
Time deposits	48,085	16,767	10,237	30,300	20,099	2,422
Total Equity	**9,686**	**3,243**	**3,394**	**8,441**	**4,751**	**935**
Assets Under Management	**62,054**	**-**	**19,472**	**3,902**	**12,197**	**376**
Mutual funds	37,992	-	16,430	1,265	5,248	-
Pension funds	24,022	-	-	2,637	6,949	376
Other placements	40	-	3,041	-	-	-

(1) Financial assets designated at fair value includes: “Financial assets held for trading”, “Non-trading financial assets mandatorily at fair value through profit or loss”, “Financial assets designated at fair value through profit or loss” and “Financial assets at fair value through other comprehensive income”.

	As of 31 December, 2016					
	Banking Activity in Spain	**The United States**	**Mexico**	**Turkey**	**South America**	**Rest of Eurasia**
	(In Millions of Euros)					
Total Assets	**335,847**	**88,902**	**93,318**	**84,866**	**77,918**	**19,106**
Loans and advances to customers	**187,201**	**62,000**	**47,938**	**57,941**	**50,333**	**15,835**
Of which:						
Residential mortgages	81,659	12,893	8,410	5,801	11,441	2,432

	As of 31 December, 2016					
	Banking Activity in Spain	**The United States**	**Mexico**	**Turkey**	**South America**	**Rest of Eurasia**
Consumer finance	7,141	7,413	11,286	15,819	10,527	231
Loans	5,374	*6,838*	6,630	10,734	7,781	217
Credit cards	1,767	*575*	4,656	5,085	2,745	15
Loans to enterprises	43,472	33,084	18,684	33,836	21,495	12,340
Loans to public sector	18,268	4,594	3,862	-	685	57
Total Liabilities	**325,230**	**84,719**	**89,244**	**75,798**	**73,425**	**17,705**
Financial liabilities at amortised cost - Customer deposits	**180,544**	**65,760**	**50,571**	**47,244**	**47,684**	**9,396**
Of which:						
Current and savings accounts	98,989	49,430	31,112	12,237	23,369	4,442
Time deposits	70,696	13,765	7,048	35,231	20,509	4,773
Other customer funds	5,124	-	5,324	21	4,456	107
Total Equity	**10,617**	**4,183**	**4,074**	**9,068**	**4,493**	**1,401**
Assets Under Management	**56,147**	**-**	**19,111**	**3,753**	**11,902**	**366**
Mutual funds	32,648	-	16,331	1,192	4,859	-
Pension funds	23,448	-	-	2,561	7,043	366
Other placements	51	-	2,780	-	-	-

Banking Activity in Spain

The Banking Activity in Spain operating segment includes all of BBVA's banking and non-banking businesses in Spain, other than those included in the Corporate Center and Non-Core Real Estate. The main business units included in this operating segment are:

- ***Spanish Retail Network***: including individual customers, private banking, small companies and businesses in the domestic market;
- ***Corporate and Business Banking (CBB)***: which manages small and medium-sized enterprises companies and corporations, public institutions and developer segments;
- ***Corporate and Investment Banking (C&IB)***: responsible for business with large corporations and multinational groups and the trading floor and distribution business in Spain; and
- ***Other units***: which includes the insurance business unit in Spain (BBVA Seguros) and the Asset Management unit, which manages Spanish mutual funds and pension funds, and includes new loan production to real estate developers or loans to real estate developers that are no longer in difficulties, as well as certain proprietary portfolios and certain funding and structural interest-rate positions of the euro balance sheet which are not included in the Corporate Center.

Financial assets designated at fair value of this operating segment (which includes the following portfolios: "Financial assets held for trading", "Non-trading financial assets mandatorily at fair value through profit or

loss", "Financial assets designated at fair value through profit or loss" and "Financial assets at fair value through other comprehensive income") as of 31 December, 2018 amounted to €100,094 million, a 25.9 per cent. increase from the €79,501 million recorded as of 31 December, 2017, mainly as a result of the initial implementation of IFRS 9 as of 1 January, 2018, which resulted in the reclassification of certain financial assets previously accounted for as "Loans and receivables" to "Financial assets held for trading". See Note 2.4 to the Guarantor's 2018 Consolidated Financial Statements for further information regarding the classification and measurement of financial instruments.

Financial assets at amortised cost of this operating segment as of 31 December, 2018 amounted to €193,936 million, a 12.4 per cent. decrease compared with the €221,391 million recorded as of 31 December, 2017. Within this heading, loans and advances to customers amounted to €169,856 million as of 31 December, 2018, a 7.3 per cent. decrease from the €183,172 million recorded as of 31 December, 2017, mainly as a result of the decrease in the mortgage portfolio, and to a lesser extent, the decrease in other commercial and public sector portfolios. These decreases were partially offset by the increase in consumer loans, credit card balances and loans to small enterprises and self-employed individuals, as well as by the transfer, in 2018, of outstanding performing loans to developers in an aggregate amount of €260 million from the Non-Core Real Estate segment to the Banking Activity in Spain segment. As of 31 December, 2018, the proportion of loans to individuals over total loans in this operating segment was significantly higher than in other operating segments.

Financial liabilities held for trading and designated at fair value through profit or loss of this operating segment as of 31 December, 2018 amounted to €66,255 million, an 80.0 per cent. increase compared with the €36,817 million recorded as of 31 December, 2017, mainly as a result of the initial implementation of IFRS 9 as of 1 January, 2018, which resulted in the reclassification of certain deposits previously accounted at amortised cost to the held for trading portfolio (see Note 2.4 to the Guarantor's 2018 Consolidated Financial Statements for further information regarding the classification and measurement of financial instruments).

Customer deposits at amortised cost of this operating segment as of 31 December, 2018 amounted to €180,891 million, a 1.8 per cent. increase compared with the €177,763 million recorded as of 31 December, 2017, mainly a result of the 12.2 per cent. increase in demand deposits, partially offset by the initial implementation of IFRS 9 as of 1 January, 2018, which resulted in the reclassification of certain deposits previously accounted at amortised cost to the held for trading portfolio (see Note 2.4 to the Guarantor's 2018 Consolidated Financial Statements for further information regarding the classification and measurement of financial instruments) and the decrease in time deposits.

Mutual funds of this operating segment as of 31 December, 2018 amounted to €39,249 million, a 3.3 per cent. increase from the €37,992 million recorded as of 31 December, 2017, mainly due to new net contributions.

Pension funds of this operating segment as of 31 December, 2018 amounted to €23,274 million, a 3.1 per cent. decrease compared with the €24,022 million recorded as of 31 December, 2017, mainly due to the unfavorable evolution of the markets.

This operating segment's non-performing loan ratio decreased to 4.6 per cent. as of 31 December, 2018, from 5.5 per cent. as of 31 December, 2017, mainly due to a 16.0 per cent. decrease in the balance of non-performing loans in the period (€9,101 million as of December 2018 and €10,833 million as of 31 December, 2017). This operating segment's non-performing loan coverage ratio increased to 57 per cent. as of 31 December, 2018, from 50 per cent. as of 31 December, 2017.

Non-Core Real Estate

This operating segment was set up with the aim of providing specialised and structured management of the real estate assets accumulated by the Group as a result of the economic crisis in Spain. It primarily includes lending to real estate developers (except for those new loans to developers that are included in the Banking Activity in Spain segment) and foreclosed real estate assets originated from both residential mortgages and loans to developers.

In recent years BBVA has taken several steps to reduce its exposure to real estate assets in Spain. As part of such efforts, BBVA entered into the Cerberus transaction. As of 31 December, 2018, BBVA maintained a 20 per cent. stake in Divarian, which was recorded in the Corporate Center. Additionally, on December 21, 2018, the Group sold its 25.24 per cent. stake in Testa for €478 million. Moreover, on 21 December 2018, BBVA reached an agreement with Voyager Investing UK Limited Partnership, an entity managed by Canada Pension Plan Investment Board, for the transfer of a portfolio of credit rights which is mainly composed by non-performing and in default mortgage credits, with an aggregate outstanding balance amounting to approximately €1,490 million. Completion of the transaction is subject to fulfilment of certain conditions and is expected to

take place during the second quarter of 2019. For additional information on these sales, see "—History and Development of the BBVA—Capital Divestitures—2018".

In addition, outstanding performing loans to developers in an aggregate amount of €260 million were transferred from the Non-Core Real Estate segment to the Banking Activity in Spain segment in 2018.

As a result of the above, loans and advances to customers of this operating segment have significantly declined over recent years. As of 31 December, 2018, loans and advances to customers amounted to €582 million, an 83.5 per cent. decrease compared with the €3,521 million recorded as of 31 December, 2017, principally due to portfolio sales.

The non-performing loan ratio of this segment was 71.1 per cent. as of 31 December, 2018. The coverage ratio of non-performing loan of this segment was 58 per cent. of the total amount of real estate assets in this operating segment as of 31 December, 2018.

The number of real estate assets sold amounted to 18,808 units in 2018, 47.8 per cent. lower than in 2017. Additionally, during 2018, 43,900 units were transferred to Divarian.

The United States

This operating segment encompasses the Group's business in the United States. BBVA Compass accounted for 91.9 per cent. of this operating segment's balance sheet as of 31 December, 2018. Given the importance of BBVA Compass in this segment, most of the comments below refer to BBVA Compass. This operating segment also includes the assets and liabilities of the BBVA branch in New York, which specialises in transactions with large corporations.

The U.S. dollar appreciated 4.7 per cent. against the euro as of 31 December, 2018 compared with 31 December, 2017, positively affecting the business activity of the United States operating segment as of 31 December, 2018 expressed in euros.

Financial assets designated at fair value of this operating segment as of 31 December, 2018 amounted to €10,481 million, a 5.3 per cent. decrease from the €11,068 million recorded as of 31 December, 2017, mainly as a result of the initial implementation of IFRS 9 as of 1 January, 2018, which resulted in the reclassification of certain financial assets previously accounted for as "Available for sale financial assets" to "Financial assets at amortised cost" as of 31 December, 2018. See Note 2.4 to the Guarantor's 2018 Consolidated Financial Statements for further information regarding the classification and measurement of financial instruments.

Financial assets at amortised cost of this operating segment as of 31 December, 2018 amounted to €63,539 million, a 16.1 per cent. increase compared with the €54,705 million recorded as of 31 December, 2017. Within this heading, loans and advances to customers of this operating segment as of 31 December, 2018 amounted to €60,808 million, a 13.2 per cent. increase compared with the €53,718 million recorded as of 31 December, 2017, mainly due to the appreciation of the U.S. dollar against the euro and to the increase in the other commercial portfolio (which was the most significant part of the total portfolio in 2018), and to a lesser extent, to increases in the consumer and corporate portfolios, partially offset by the weaker performance of mortgage loans and loans to real estate developers (which were adversely affected by the increase in interest rates).

Customer deposits of this operating segment as of 31 December, 2018 amounted to €63,891 million, a 5.1 per cent. increase compared with the €60,806 million recorded as of 31 December, 2017, mainly due to the appreciation of the U.S. dollar against the euro and the increase in demand deposits, in a context of increased competition for deposits during the year.

The non-performing loan ratio of this operating segment as of 31 December, 2018 was 1.3 per cent., compared with 1.2 per cent. as of 31 December, 2017. This operating segment's non-performing loan coverage ratio decreased to 85 per cent. as of 31 December, 2018, from 104 per cent. as of 31 December, 2017, mainly due to the increase in non-performing loans and the release in 2018 of provisions associated with retail portfolios affected by hurricanes in 2017.

Mexico

The Mexico operating segment comprises the banking and insurance businesses conducted in Mexico by BBVA Bancomer. Since 2018, it also includes BBVA Bancomer's branch in Houston (which was part of our United States segment in previous years).

The Mexican peso appreciated 5.2 per cent. against the euro as of 31 December, 2018 compared with 31 December, 2017, positively affecting the business activity of the Mexico operating segment as of 31 December, 2018 expressed in euros.

Financial assets designated at fair value of this operating segment as of 31 December, 2018 amounted to €26,022 million, a 9.1 per cent. decrease from the €28,627 million recorded as of 31 December, 2017, attributable in part to the initial implementation of IFRS 9 as of 1 January, 2018, which resulted in the reclassification of certain financial assets previously accounted for as "Available for sale financial assets" to "Financial assets at amortised cost" as of 31 December, 2018. See Note 2.4 to the Guarantor's 2018 Consolidated Financial Statements for further information regarding the classification and measurement of financial instruments.

Financial assets at amortised cost of this operating segment as of 31 December, 2018 amounted to €57,709 million, a 21.0 per cent. increase compared with the €47,691 million recorded as of 31 December, 2017. Within this heading, loans and advances to customers of this operating segment as of 31 December, 2018 amounted to €51,101 million, a 11.7 per cent. increase compared with the €45,768 million recorded as of 31 December, 2017, primarily due to the appreciation of the Mexican peso against the euro and to the increase in loans to enterprises, and to a lesser extent, the increase in the consumer portfolios and residential mortgages.

Financial liabilities held for trading and designated at fair value through profit or loss of this operating segment as of 31 December, 2018 amounted to €18,028 million, a 91.7 per cent. increase compared with the €9,405 million recorded as of 31 December, 2017, mainly as a result of the initial implementation of IFRS 9 as of 1 January, 2018, which resulted in the reclassification of certain deposits at amortised cost to the held for trading portfolio.

Customer deposits of this operating segment as of 31 December, 2018 amounted to €50,530 million, a 1.1 per cent. increase compared with the €49,964 million recorded as of 31 December, 2017, primarily due to the appreciation of the Mexican peso against the euro.

Mutual funds of this operating segment as of 31 December, 2018 amounted to €17,733 million, a 7.9 per cent. increase compared with the €16,430 million recorded as of 31 December, 2017, primarily due to the appreciation of the Mexican peso against the euro.

This operating segment's non-performing loan ratio was 2.1 per cent. as of 31 December, 2018 and 2.3 per cent. as of 31 December, 2017. This operating segment's non-performing loan coverage ratio increased to 154 per cent. as of 31 December, 2018, from 123 per cent. as of 31 December, 2017 due to an increase of 26.6 per cent. in the provisions mainly as a result of the first implementation of IFRS 9.

Turkey

This operating segment comprises the banking and insurance businesses conducted by Garanti and its consolidated subsidiaries.

The Turkish lira depreciated 25.0 per cent. against the euro as of 31 December, 2018 compared to 31 December, 2017, negatively affecting the business activity of the Turkey operating segment as of 31 December, 2018 expressed in euros.

Financial assets designated at fair value of this operating segment as of 31 December, 2018 amounted to €5,506 million, a 14.2 per cent. decrease from the €6,419 million recorded as of 31 December, 2017, mainly as a result of the depreciation of the Turkish lira. See Note 2.4 to the Guarantor's 2018 Consolidated Financial Statements for further information regarding the classification and measurement of financial instruments.

Financial assets at amortised cost of this operating segment as of 31 December, 2018 amounted to €50,315, a 22.7 per cent. decrease compared with the €65,083 recorded as of 31 December, 2017. Within this heading, loans and advances to customers of this operating segment as of 31 December, 2018 amounted to €41,478 million, a 19.3 per cent. decrease compared with the €51,378 million recorded as of 31 December, 2017 principally due to the depreciation of the Turkish lira and, to a lesser extent, the decrease in mortgage loans and loans to enterprises denominated in Turkish lira, offset in part by an increase in credit card lending and car loans.

Financial liabilities held for trading and designated at fair value through profit or loss of this operating segment as of 31 December, 2018 amounted to €1,852 million, a 185.9 per cent. increase compared with the €648 million recorded as of 31 December, 2017, mainly as a result of the initial implementation of IFRS 9 as of 1 January, 2018 (see Note 2.4 to the Guarantor's 2018 Consolidated Financial Statements for further information regarding the classification and measurement of financial instruments), which resulted in the reclassification of certain deposits at amortised cost to the held for trading portfolio, which more than offset the impact of the depreciation of the Turkish lira.

Customer deposits of this operating segment as of 31 December, 2018 amounted to €39,905 million, a 10.7 per cent. decrease compared with the €44,691 million recorded as of 31 December, 2017, mainly as a result of the

depreciation of the Turkish lira, the increased relative weight of deposits held in Turkish lira and the decrease in deposits held in U.S. dollars, partially offset by the increase in deposits held in Turkish lira. The increase in deposits held in Turkish lira and the decrease in deposits held in U.S. dollars was mainly attributable to the higher interest rates paid on deposits held in Turkish lira.

Mutual funds in this operating segment as of 31 December, 2018 amounted to €669 million, a 47.1 per cent. decrease compared with the €1,265 million as of 31 December, 2017, mainly as a result of the depreciation of the Turkish lira against the euro and the market evolution.

Pension funds in this operating segment as of 31 December, 2018 amounted to €2,225 million, a 15.6 per cent. decrease compared with the €2,637 million recorded as of 31 December, 2017, mainly as a result of the depreciation of the Turkish lira against the euro. Excluding the exchange rate effect, there was a 12.4 per cent. increase, mainly as a result of the increase in the number of participants to approximately 1.7 million from approximately 1.2 million as of 31 December, 2017.

The non-performing loan ratio of this operating segment as of 31 December, 2018 was 5.3 per cent. compared with 3.9 per cent. as of 31 December, 2017 mainly as a result of increased impairments of wholesale loans affected by the deteriorating macroeconomic scenario. This operating segment's non-performing loan coverage ratio decreased to 81 per cent. as of 31 December, 2018, from 85 per cent. as of 31 December, 2017, mainly due to the 12.7 per cent. increase in the balance of non-performing loans as of 31 December, 2018 in comparison with the balance recorded as of 31 December, 2017.

South America

The South America operating segment includes the Group's banking and insurance businesses in the region.

The business units included in the South America operating segment are:

- ***Retail and Corporate Banking****:* includes banks in Argentina, Colombia, Paraguay, Peru, Uruguay and Venezuela.
- ***Insurance:*** includes insurance businesses in Argentina, Colombia and Venezuela.

In November 2017, BBVA reached an agreement for the sale of BBVA's 68.2 per cent. direct and indirect stake in BBVA Chile. The sale was completed on July 6, 2018. For additional information, see "*—History and Development of the BBVA—Capital Divestitures—2018—Sale of BBVA's stake in BBVA Chile.*" The Group keeps an automobile financing business in Chile, mainly carried out by Forum Servicios Financieros, S.A. BBVA has decided to initiate a strategic review of alternatives for its automobile financing business in this country.

As of 31 December, 2018, the currencies of certain of the countries in which BBVA operates in South America (mainly the Argentine peso, which depreciated significantly, and the Colombian peso) depreciated against the euro compared to 31 December, 2017, negatively affecting the business activity of the South America operating segment expressed in euros.

Financial assets designated at fair value for this operating segment as of 31 December, 2018 amounted to €5,634 million, a 51.5 per cent. decrease compared with the €11,627 million recorded as of 31 December, 2017, mainly attributable to the depreciation of certain local currencies, the sale of BBVA Chile and the initial implementation of IFRS 9 as of 1 January, 2018. The initial implementation of IFRS 9 resulted in the reclassification of certain financial assets previously accounted for as "Available for sale financial assets" to "Financial assets at amortised cost" as of 31 December, 2018. See Note 2.4 to the Guarantor's 2018 Consolidated Financial Statements for further information regarding the classification and measurement of financial instruments.

Financial assets at amortised cost of this operating segment as of 31 December, 2018 amounted to €36,649 million, a 28.4 per cent. decrease compared with the €51,207 recorded as of 31 December, 2017. Within this heading, loans and advances to customers of this operating segment as of 31 December, 2018 amounted to €34,469 million, a 28.6 per cent. decrease compared with the €48,272 million recorded as of 31 December, 2017, mainly as a result of the sale of BBVA Chile and, to a lesser extent, the impact of the depreciation of certain currencies in the region, in particular the Argentine peso. By country, financial assets at amortised cost increased in Argentina (excluding the impact of currency depreciation), Colombia and Peru. At constant exchange rates, there were increases in residential mortgages, consumer finance and loans to enterprises.

Customer deposits of this operating segment as of 31 December, 2018 amounted to €35,842 million, a 21.5 per cent. decrease compared with the €45,666 million recorded as of 31 December, 2017 mainly as a result of the sale of BBVA Chile and, to a lesser extent, the impact of the depreciation of certain currencies in the region, in

particular the Argentine peso. By country, customer deposits increased in Argentina (excluding the impact of currency depreciation), Colombia and Peru.

Mutual funds in this operating segment as of 31 December, 2018 amounted to €3,741 million, a 28.7 per cent. decrease compared with the €5,248 million as of 31 December, 2017, mainly due to the sale of BBVA Chile, and, to a lesser extent, the depreciation of certain currencies in the region, in particular the Argentine peso.

Pension funds in this operating segment as of 31 December, 2018 amounted to €7,921 million, a 14.0 per cent. increase compared with the €6,949 million recorded as of 31 December, 2017, mainly as a result of an increase in pension funds in Bolivia.

The non-performing loan ratio of this operating segment as of 31 December, 2018 increased to 4.3 per cent. compared with 3.4 per cent. as of 31 December, 2017, primarily due to the sale of BBVA Chile, which had better risk indicators than the other the countries where the Group operates in the region. This operating segment's non-performing loan coverage ratio increased to 97 per cent. as of 31 December, 2018, from 89 per cent. as of 31 December, 2017, mainly due to the 7.3 per cent. decrease in the balance of non-performing loans as of 31 December, 2018 compared to the balance recorded as of 31 December, 2017.

Rest of Eurasia

This operating segment includes the retail and wholesale banking businesses carried out by the Group in Europe (primarily Portugal) and Asia, excluding Spain and Turkey.

Financial assets designated at fair value for this operating segment as of 31 December, 2018 amounted to €504 million, a 49.1 per cent. decrease compared with the €991 million recorded as of 31 December, 2017, mainly as a result of the initial implementation of IFRS 9 as of 1 January, 2018, which resulted in the reclassification of certain financial assets previously accounted for as "Available for sale financial assets" to "Financial assets at amortised cost" as of 31 December, 2018. See Note 2.4 to the Guarantor's 2018 Consolidated Financial Statements for further information regarding the classification and measurement of financial instruments.

Financial assets at amortised cost of this operating segment as of 31 December, 2018 amounted to €16,930 million, a 12.8 per cent. increase compared with the €15,009 recorded as of 31 December, 2017. Within this heading, loans and advances to customers of this operating segment as of 31 December, 2018 amounted to €15,731 million, a 5.8 per cent. increase compared with the €14,864 million recorded as of 31 December, 2017, mainly as a result of an increase in enterprise loans.

Customer deposits of this operating segment as of 31 December, 2018 amounted to €4,876 million, a 27.2 per cent. decrease compared with the €6,700 million recorded as of 31 December, 2017, mainly as a result of the decrease in time deposits, as the low interest rate environment has caused larger clients not to renew their deposit contracts.

Pension funds in this operating segment as of 31 December, 2018 amounted to €388 million, a 3.2 per cent. increase compared with the €376 million recorded as of 31 December, 2017.

The non-performing loan ratio of this operating segment as of 31 December, 2018 was 1.7 per cent. compared with 2.4 per cent. as of 31 December, 2017. This operating segment's non-performing loan coverage ratio increased to 83 per cent. as of 31 December, 2018, from 74 per cent. as of 31 December, 2017, mainly due to the 23 per cent. decrease in the balance of non-performing loans as of 31 December, 2018, compared to the balance recorded as of 31 December, 2017.

Organisational Structure

As of 31 December, 2018, the Group was composed of 297 consolidated entities and 66 entities accounted for using the equity method.

The companies comprising the Group are principally domiciled in the following countries: Argentina, Belgium, Bolivia, Brazil, Chile, Colombia, France, Germany, Ireland, Italy, Mexico, Netherlands, Peru, Poland, Spain, Switzerland, Turkey, United Kingdom, United States of America, Uruguay and Venezuela. In addition, BBVA has an active presence in Asia.

Below is a simplified organizational chart of BBVA's most significant subsidiaries as of 31 December, 2018.

Subsidiary	Country of Incorporation	Activity	BBVA Voting Power	BBVA Ownership	Total Assets (1)

			(in Percentages)		(In Millions of Euros)
BBVA BANCOMER	Mexico	Bank	100.00	100.00	85,624
COMPASS BANK	The United States	Bank	100.00	100.00	68,737
GARANTI	Turkey	Bank	49.85	49.85	57,999
BBVA BANCO CONTINENTAL, S.A.	Peru	Bank	92.24	46.12	18,923
BBVA SEGUROS, S.A., DE SEGUROS Y REASEGUROS	Spain	Insurance	99.96	99.96	17,343
BBVA COLOMBIA, S.A.	Colombia	Bank	95.46	95.46	16,309
BBVA BANCO FRANCES, S.A.	Argentina	Bank	66.55	66.55	8,161
PENSIONES BBVA BANCOMER, S.A. DE C.V., GRUPO FINANCIERO BBVA BANCOMER	Mexico	Insurance	100.00	100.00	4,484
SEGUROS BBVA BANCOMER S.A. DE C.V. GRUPO FINANCIERO BBVA BANCOMER	Mexico	Insurance	100.00	100.00	4,014
GARANTIBANK INTERNATIONAL NV	Netherlands	Bank	100.00	100.00	4,141

(1) Information for non-EU subsidiaries has been calculated using the prevailing exchange rates on 31 December 2018.

Selected Financial Data

The historical financial information set forth below has been selected from, and should be read together with, the Consolidated Financial Statements, which are incorporated by reference herein.

Consolidated Statement of Income Data

	Year ended 31 December		
	2018	**2017**	**2016**
	(in millions of euro)		
Net interest income	17,791	17,758	17,059
Net profit	6,151	4,762	4,693
Net profit attributable to parent company	5,324	3,519	3,475

Consolidated balance sheet data

	As at 31 December

	2018	2017	2016
	(in millions of euro)		
Total assets	676,689	690,059	731,856
Financial assets at amortised cost	419,660	445,275	483,672
Customers' deposits	375,970	376,379	401,465
Debt certificates and other financial liabilities	73,956	75,765	89,504
Non-controlling interests	5,764	6,979	8,064
Total equity	52,874	53,323	55,428

DIRECTORS AND SENIOR MANAGEMENT

BBVA is managed by a Board of Directors which, in accordance with its current by-laws (*Estatutos*), must consist of no less than 5 and no more than 15 members. All members of the Board of Directors are elected to serve three-year terms. BBVA's Board of Directors' Regulations state that the Board of Directors must try to ensure that there is an ample majority of non-executive directors over executive directors on the Board of Directors.

BBVA's corporate governance system is based on the distribution of functions between the Board of Directors, the Executive Committee and other specialised Board Committees, namely: the Audit Committee; the Appointments and Corporate Governance Committee; the Remunerations Committee; the Risk and Compliance Committee; and the Technology and Cybersecurity Committee. BBVA's Board of Directors are assisted in fulfilling its responsibilities by the Executive Committee (*Comisión Delegada Permanente*). The Executive Committee will deal with those matters of the Board of Directors that the Board agrees to delegate to it, in accordance with the law, the Bylaws, the Board of Directors' Regulations or its own Regulations approved by the Board of Directors.

Board of Directors

The Board of Directors of BBVA currently comprises 15 members. The business address of the Directors of BBVA is Calle Azul, 4, 28050 Madrid.

BBVA may, from time to time, enter into transactions in the ordinary course of its business, and on an arm's length basis, with the Directors.

BBVA's Board of Directors' Regulations includes rules which are designed to prevent situations where a potential conflict of interest may arise. These Regulations provide, among other matters, that directors must refrain from participating in deliberations and vote on resolutions or decisions in which they or a related party may have a direct or indirect conflict of interest. Accordingly, there are no potential conflicts of interest between the private interests or other duties of the directors and their duties to BBVA.

DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

The following table sets forth the names of the members of the Board of Directors as of the date of this Base Prospectus, their date of appointment and re-election, if applicable, their current positions and their present principal outside occupation and employment history.

Name	Birth Year	Current Position	Date Nominated	Date Re-elected	Present Principal Outside Occupation and Employment History(*)
Carlos Torres Vila (1) (6)	1966	Group Executive Chairman	4 May 2015	15 March 2019	Chairman of the Board of Directors and Group Executive Chairman of BBVA since December 2018. Chairman of the Executive Committee and of the Technology and Cybersecurity Committee. Director of Grupo Financiero BBVA Bancomer, S.A. de C.V. and BBVA Bancomer S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer. Chief Executive Officer of BBVA from May 2015 until his appointment as Chairman. He started at BBVA in September 2008 holding senior management posts such as Head of Digital Banking from March 2014 to May 2015 and BBVA Strategy & Corporate Development Director from January 2009 to March 2014.
Onur Genç (1)	1974	Chief Executive Officer	20 December 2018	15 March 2019	Chief Executive Officer of BBVA and member of the Executive Committee since December 2018. Director of BBVA Compass Bancshares, Inc., Grupo Financiero BBVA Bancomer, S.A. de C.V. and BBVA Bancomer, S.A., Institución de Banca Múltiple, Grupo Financiero BBVA Bancomer. Chairman and CEO of BBVA Compass and BBVA's Country Manager in the USA from 2017 to December 2018. Deputy CEO at Garanti between 2015 and 2017 and Executive Vice President at Garanti between 2012 and 2015.
Tomás Alfaro Drake (4) (6)	1951	External Director	18 March 2006	17 March 2017	Director of Internal Development and Professor in the Finance department of Universidad Francisco de Vitoria. Between 1998 and 2012, he has been Director of the Bachelor's degree in Business Management Administration, Director of the Diploma in Business Sciences and of the degrees in Marketing and in Business Management and Administration at the Universidad Francisco de Vitoria.
José Miguel Andrés Torrecillas (2) (3) (5)	1955	Vice President (Independent Director)	13 March 2015	16 March 2018	Vice President of the Board of Directors of BBVA since April 2019 and Chairman of the Appointments and Corporate Governance Committee. Director of Zardoya Otis, S.A. Chairman of Ernst & Young Spain from 2004 to 2014, where he was a partner since 1987 and also held a series of senior offices, including Director of the Banking Group from 1989 to 2004 and Managing Director of the Audit and Advisory practices at Ernst & Young Italy and Portugal from 2008 to 2013.
Jaime Félix	1952	Independent	16 March 2018	Not applicable	Chairman of the Audit Committee since

Name	Birth Year	Current Position	Date Nominated	Date Re-elected	Present Principal Outside Occupation and Employment History(*)
Caruana Lacorte (1) (2) (5)		Director			April 2019. General Director of the Bank of International Settlements (BIS) between 2009 and 2017. Between 2006 and 2009 he was Head of the Monetary, Capital Markets Department and Financial Counselor and General Manager at the International Monetary Fund (IMF), he was Chair of the Basel's Banking Supervision Committee between 2003 and 2006, he was Governor of the Bank of Spain between 2000 and 2006, and he was General Manager of Banking Supervision at the Bank of Spain between 1999 and 2000.
Belén Garijo López (2) (3) (4)	1960	Independent Director	16 March 2012	16 March 2018	Chair of the Remunerations Committee. Member of the Executive Board of Merck Group and CEO of Merck Healthcare, member of the Board of Directors of L'Oréal and Chair of the International Executive Committee of PhRMA, ISEC (Pharmaceutical Research and Manufacturers of America).
José Manuel González-Páramo Martínez-Murillo	1958	Executive Director	29 May 2013	17 March 2017	Executive Director of BBVA since May 2013 and Head of BBVA's Global Economics & Public Affairs Area. Chairman of European DataWarehouse GmbH. Member of the European Central Bank (ECB) Governing Council and Executive Committee from 2004 to 2012.
Sunir Kumar Kapoor (6)	1963	Independent Director	11 March 2016	15 March 2019	Operating partner at Atlantic Bridge Capital, independent director at Stratio Big Data and advisor to mCloud. He was President and CEO of UBmatrix Inc from 2005 to 2011. Executive Vice President and CMO of Cassatt Corporation from 2004 to 2005. Oracle Corporation, Vice President Collaboration Suite from 2002 to 2004. Founder and CEO of Tsola Inc from 1999 to 2001. President and CEO of E-Stamp Corporation from 1996 to 1999. Vice President of Strategy, Marketing and Planning of Oracle Corporation from 1994 to 1996.
Carlos Loring Martínez de Irujo(1) (4) (5)	1947	External Director	28 February 2004	17 March 2017	Partner of J&A Garrigues from 1977 to 2004, where he has also held a series of senior offices, including Director of M&A Department, Director of Banking and Capital Markets Department and member of its Management Committee.
Lourdes Máiz Carro (2) (4)	1959	Independent Director	14 March 2014	17 March 2017	Secretary of the Board of Directors and Director of Legal Services at Iberia, Líneas Aéreas de España from 2001 until 2016. Joined the Spanish State Counsel Corps (Cuerpo de Abogados del Estado) and from 1992 until 1993 she was Deputy to the Director in the Ministry of Public Administration. From 1993 to 2001 held various senior positions in the Public Administration.

DESCRIPTION OF BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

Name	Birth Year	Current Position	Date Nominated	Date Re-elected	Present Principal Outside Occupation and Employment History(*)
José Maldonado Ramos(1) (3)	1952	External Director	28 January 2000	16 March 2018	Appointed Director and General Secretary of BBVA in January 2000. Took early retirement as Bank executive in December 2009.
Ana Cristina Peralta Moreno (2) (4)	1961	Independent Director	16 March 2018	Not applicable	Independent member of the Board of Directors of Grenergy Renovables, S.A. General Director of Risks and Member of the Management Committee of Banco Pastor, between 2008 and 2011. Before that, she held several positions at Bankinter, including Chief Risk Officer and was a member of the Management Committee between 2004 and 2008. She was also an independent member of the Board of Directors of Deutsche Bank SAE (2014-2018) and Banco Etcheverría (2013 2014).
Juan Pi Llorens (3) (5) (6) (7)	1950	Independent Director	27 July 2011	16 March 2018	Lead Director of BBVA since April 2019 and Chairman of the Risk and Compliance Committee. Chairman of the Board of Directors of Ecolumber, S.A. Had a professional career at IBM holding various senior posts at a national and international level including Vice President for Sales at IBM Europe, Vice President of Technology & Systems Group at IBM Europe and Vice President of the Finance Services Sector at GMU (Growth Markets Units) in China. He was executive President of IBM Spain.
Susana Rodríguez Vidarte (1)(3)(5)	1955	External Director	28 May 2002	17 March 2017	Professor of Strategy at the Faculty of Economics and Business Sciences at Universidad de Deusto. Doctor in Economic and Business Sciences from Universidad de Deusto.
Jan Paul Marie Francis Verplancke (6)	1963	Independent Director	16 March 2018	Not applicable	Director, Chief Information Officer, Group Head of Technology and Banking Operations, of Standard Chartered Bank, between 2004 and 2015. Before that, he held several positions in multinational companies, such as Vice president of Technology and Chief Information Officer, in the EMEA region of Dell (1999-2004) and Vice president of Information of the Youth Category (USA) of Levi Strauss (1998-1999).

(*) Where no date is provided, the position is currently held.
(1) Member of the Executive Committee.
(2) Member of the Audit Committee.
(3) Member of the Appointments and Corporate Governance Committee.
(4) Member of the Remunerations Committee.
(5) Member of the Risk and Compliance Committee.
(6) Member of the Technology and Cybersecurity Committee.
(7) Lead Director.

Major Shareholders and Share Capital

On 4 February, 2019, Blackrock, Inc. reported to the SEC that, as of 31 December, 2018, it beneficially owned 6.6 per cent. of BBVA's common stock.

As of 17 May, 2019, no other person, corporation or government beneficially owned, directly or indirectly, five per cent. or more of BBVA's shares. BBVA's major shareholders do not have voting rights which are different from those held by the rest of its shareholders. To the extent known to BBVA, BBVA is not controlled, directly or indirectly, by any other corporation, government or any other natural or legal person. As of 17 May, 2019, there were 889,087 registered holders of BBVA's shares, with an aggregate of 6,667,886,580 shares, of which 663 shareholders with registered addresses in the United States held a total of 1,349,609,857 shares (including shares represented by American Depositary Shares evidenced by American Depositary Receipts ("**ADRs**")). Since certain of such shares and ADRs are held by nominees, the foregoing figures are not representative of the number of beneficial holders.

Legal Proceedings

The Group operates in legal and regulatory environments that expose it to potentially significant legal and regulatory actions and proceedings, including legal claims and proceedings, civil and criminal regulatory proceedings, governmental and judicial investigations and proceedings, tax proceedings and other proceedings. Legal and regulatory actions and proceedings are subject to many uncertainties, and their outcomes, including the timing thereof, the amount of fines or settlements or the form of any settlements, which may be material, arising therefrom, or changes in business practices the Group may need to introduce as a result thereof, are often difficult to predict, particularly in the early stages of a particular legal or regulatory matter.

As of the date hereof, the Guarantor and its subsidiaries are involved in a number of legal and regulatory actions and proceedings in various jurisdictions around the world (including, among others, Spain, Mexico and the United States) . The legal proceedings referred to below are, in the BBVA's view, the most significant actions or proceedings to which the Group is or has recently been subject. However, the Group is also subject to a number of additional legal and regulatory actions and proceedings the adverse resolution of which may also adversely impact the Group. See *"Risk Factors—The Group is party to a number of legal and regulatory actions and proceedings"* and *"Risk Factors -The Group may be affected by actions that are incompatible with the Group´s ethics and compliance standards, and by the Group failure to timely detect or remedy any such actions*."

The Group can provide no assurance that the legal and regulatory actions and proceedings to which it is subject, or to which it may become subject in the future or otherwise affected by, will not, if resolved adversely, result in a material adverse effect on the Group's financial position, results of operations or liquidity.

"Floor" Clauses

The Group has been and still is party to various legal proceedings brought by clients before Spanish and European courts in relation to "floor" clauses limiting the interest rates in mortgage loans with consumers (commonly referred to as "*cláusulas suelo*"). In its consolidated financial statements for the year ended 31 December 2016, the Group considered these litigations to be material. In such year, in light of the decision of the Court of Justice of the European Union of December 2016 and after analysing the portfolio of mortgage loans to consumers in which there were "floor" clauses, the Group made a provision of €577 million (with an impact on "Profit attributable to parent company" of approximately €404 million) that was recorded in the income statement of 2016, to cover possible contingencies and claims. This provision has been used for such purpose during 2017. The Group has made additional provisions during 2017 and 2018 to cover possible contingencies and claims that may arise in connection with this matter in amounts that the Group does not consider significant.

TAXATION

Preliminary consideration: Tax residence of the Issuer

The Issuer is incorporated as a private company with limited liability under the laws of the Netherlands. On the basis of section 2 subsection 4 Dutch Corporate Income Tax Act 1969, a company which is incorporated under Dutch law, is considered to be resident of the Netherlands for Dutch domestic tax purposes. This notwithstanding, the effective management of the company is currently carried out from Spain, since the key management and commercial decisions that are necessary to conduct the entity's business are taken from Spain. On the basis of such circumstance, the Issuer is also regarded as resident in Spain for tax purposes, as provided by Law 27/2014, of 27 November, on Corporate Income Tax (*Impuesto sobre Sociedades*).

Under this scenario in which the Issuer is resident for tax purposes both in Spain and in the Netherlands, the provisions contained in the Convention between the Netherlands and Spain for the Avoidance of Double Taxation with respect to Taxes on Income and on Net Wealth (the "**Convention**") apply. The Convention was ratified by Instrument made in Madrid on 16 June 1971 and was published on the Spanish National Gazette on 16 October 1972.

Pursuant to section 4 of the Convention (which deals with the general criteria followed by the Convention to consider a person as a resident of a Contracting State), an entity which is a resident of both Spain and the Netherlands is considered to be a resident of the State in which the place of its effective management is located (i.e., Spain).

Responsibility for Withholding

Payments in respect of Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Spain or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer or, as the case may be, the Guarantor will (subject to certain exceptions described in General Condition 7) pay such additional amounts as will result in the holders of Notes receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required.

Spanish Taxation

The following summary refers solely to certain Spanish tax consequences of the acquisition, ownership and disposition of the Notes. The tax consequences described in this section are based on the general assumption that the Notes are initially registered for clearance and settlement in DTC, Euroclear and Clearstream, Luxembourg. It does not purport to be a complete analysis of all tax consequences relating to the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which might be subject to special rules. Prospective investors should consult their own tax advisors as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Spain of acquiring, holding and disposing of Notes and receiving any payments under the Notes. This summary is based upon the Spanish State law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. Regional tax laws may alter the consequences outlined in this summary in certain circumstances. References in this section to Noteholders include the beneficial owners of the Notes.

Acquisition of the Notes

The issue of, subscription for, transfer and acquisition of the Notes is exempt from Transfer and Stamp Tax (Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados) and Value Added Tax (Impuesto sobre el Valor Añadido).

Taxation on the income and transfer of the notes

The tax treatment of the acquisition, holding and subsequent transfer of the Notes is summarised below and is based on the tax regime applicable to the Notes pursuant to Royal Legislative Decree 5/2004 of March 5 approving the consolidated text of the Non-Resident Income Tax Law (Impuesto sobre la Renta de los no Residentes) , as amended by Law 26/2014 of 27 November 2014, Law 27/2014 of 27 November 2014 approving the consolidated text of the Corporate Income Tax Law (Impuesto sobre Sociedades) and Law 35/2006 of 28 November 2006 on Personal Tax Law (Impuesto sobre la Renta de las Personas Físicas), as amended by Law 26/2014 of 27 November 2014 Law 19/1991 of 6 June 1991 approving the Wealth Tax Law (Impuesto sobre el

Patrimonio), and Law 29/1987 of 18 December 1987 approving the Inheritance and Gift Tax Law. Consideration has also been given to the rules for the implementation of such regulations (Royal Decree 1776/2004 of 30 July approving the Non-Resident Income Tax Regulations, Royal Decree 439/2007 of 30 March, approving the Individuals Income Tax Regulations as amended by Royal Decree 1003/2014 of 5 December 2014 and Royal Decree 634/2015 of 10 July 2015 approving the Corporate Income Tax Regulations).

Consideration has also been given to Spanish legislation on the issuance of preferred securities and debt securities issued by Spanish financial and non-financial listed entities, either directly or through a subsidiary (Law 10/2014, and RD 1065/2007 (as amended by RD 1145/2011), approving the General Regulations relating to tax inspection and management procedures and developing the common rules of the procedures to apply taxes).

Income obtained by Noteholders who are Non-Resident Income Tax payers in Spain in respect of the Notes

Income obtained by Noteholders who are Non-Resident Income Tax payers, both in respect of interest and in connection with the transfer, repayment or redemption of the Notes, whether or not through a permanent establishment, shall be considered Spanish source income and therefore subject to taxation in Spain under Legislative Royal Decree 5/2004 of 5 March approving the Consolidated Non-Resident Income Tax Law, amended by Law 26/2014 of 28 November 2014, without prejudice to the provisions contained in any applicable tax treaty for the avoidance of double taxation ("**DTT**").

Income not obtained through a permanent establishment in Spain in respect of the Notes

Income obtained by Noteholders who are not tax resident in Spain acting for these purposes without a permanent establishment within Spain is exempt from Non-Resident Income Tax in the terms described under "Tax reporting obligations of the Issuer and the Guarantor" below.

Income obtained through a permanent establishment in Spain in respect of the Notes / Corporate Income Tax taxpayers

The holding of Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

Income obtained by non-Spanish resident holders acting through a permanent establishment in Spain in respect of the Notes will be taxed under the rules provided by Chapter III of the Non-Resident Income Tax Law. These Noteholders will be subject to taxation substantially in the same manner as Spanish Corporate Income Tax taxpayers and, therefore, it shall be computed as taxable income in accordance with the general rules set out in the Corporate Income Tax Law and will therefore be taxed at the general current rate of 25 per cent.

Income derived from the transfer and holding of the Notes shall not be subject to withholding tax as provided by Section 61(s) of the Corporate Income Tax Regulations, to the extent that the Notes satisfy the requirements laid down by the reply to the Directorate General for Taxation's (Dirección General de Tributos) consultation, on 27 July 2004, indicating that in the case of issuances made by entities with tax residency in Spain, (as in the case of the Issuer), application of the exemption requires that the Notes be placed outside Spain in another OECD country and traded on organised markets in OECD countries. Notes issued under the Programme and traded in an OECD country different from Spain are expected to satisfy these requirements.

For withholding on income derived from payment of interest, redemption or repayment of the Notes see "Taxation - Tax Reporting Obligations of the Issuer and the Guarantor".

In accordance with Section 61 (q) of the Corporate Income Tax Regulations, there is no obligation to withhold on the income derived from the transfer and holding of the Notes obtained by Spanish Corporate Income Tax

taxpayers from financial assets represented in book entries form and traded in a Spanish official secondary market.

Individuals with tax residency in Spain

Income obtained by Noteholders who are Personal Income Tax payers, both as interest and in connection with the transfer, redemption or repayment of the Notes, shall be considered income on investments obtained from the assignment of an individual's capital to third parties, as defined in Section 25.2 of Individuals Income Tax Law and therefore will be taxed as savings income at the applicable rate currently varying from 19 per cent. to 23 per cent.

The above mentioned income will be subject to the corresponding personal income tax withholding at the applicable tax rate (currently 19 per cent.). Article 44 of the RD 1065/2007 has established new information procedures for debt instruments issued under the Law 10/2014 (which do not require identification of the Noteholders) and has provided that the interest will be paid by the relevant Issuer to the Paying Agent for the whole amount, provided that such information procedures are complied with.

Nevertheless, withholding tax at the applicable rate (currently 19 per cent.) may have to be deducted by other entities (such as depositaries or financial entities), provided that such entities are resident for tax purposes in Spain or have a permanent establishment in Spanish territory.

The Issuer and the Guarantor consider that, according to RD 1145/2011, they are not obliged to withhold any tax amount provided that the new simplified information procedures (which do not require identification of the Noteholders) are complied with by the Paying Agent as it is described in section "Tax Reporting Obligations of the Issuer and the Guarantor".

However, regarding the interpretation of the "Tax Reporting Obligations of the Issuer and the Guarantor" please refer to "Risk Factors – Spanish Tax Rules".

Notes registered in Spain in book entry form and traded in a Spanish secondary market

There is no obligation to withhold tax on the income derived from the transfer or reimbursement of the Notes as provided by Section 75 3. (e) of the Personal Income Tax Regulations, to the extent that the Notes are represented by book entries and are traded on a Spanish regulated market, except for the part of the price which is equivalent to the accrued interest on any transfers which are made within the thirty days immediately prior to the maturity of the coupon, when the acquirer is an individual or entity not resident in Spain or is a taxable person for Corporate Income Tax purposes and this express income is exempt from the obligation to withhold in relation to the acquirer.

Wealth Tax

Under Law 19/1991, 6 June 1991, as amended, individuals with tax residency in Spain are subject to Wealth Tax on tax year 2019 to the extent that their net worth exceeds €700,000. Therefore, they should take into account the value of the Notes which they hold as at 31 December 2019.

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to Wealth Tax would generally not be subject to such tax. Otherwise, non-Spanish resident individuals whose properties and rights located in Spain, or that can be exercised within the Spanish territory, exceed €700,000 would be subject to Wealth Tax at the applicable rates, ranging between 0.2 per cent. and 2.5 per cent., without prejudice of any exemption that should be applicable and the laws and regulations in force in each Autonomous Region.

As a consequence of the European Court of Justice Judgment (Case C-127/12), the Wealth Tax Law has been amended by Law 26/2014. As a result, non-Spanish tax resident individuals who are residents in the EU or in

the European Economic Area can apply the legislation of the region in which the highest value of the assets and rights of the individuals are located.

Legal entities are not subject to Wealth Tax.

Inheritance and Gift Tax

The transfer of the Notes to individuals by inheritance, legacy or donation shall be subject to the general rules of Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones) in accordance with the applicable Spanish and State rules even if title passes outside Spain and neither the heir nor the beneficiary, as the case may be, is resident in Spain for tax purposes, without prejudice to the provisions of any DTT signed by Spain.

The effective tax rates, after applying all relevant factors, range between 0 per cent. and 81.6 per cent.

However, the Judgment from the European Court of Justice dated 3 September 2014 has declared that Spanish Inheritance and Gift Tax Law is against the principle of free movement of capital within the EU as the Spanish residents are granted tax benefits that, in practice, allow them to pay much lower taxes than non residents. According to Law 26/2014, it will be possible to apply tax benefits approved in some Spanish regions to EU residents following specific rules.

In the event that the beneficiary is an entity other than a natural person, the income obtained shall be subject to Corporate Income Tax or Non-Resident Income Tax, as the case may be, and without prejudice, in the latter event, to the provisions of any DTT that may apply.

Tax rules for payments made by the Guarantor

Payments which may be made by the Guarantor to Noteholders, if the Guarantee is enforced, will be subject to the same tax rules previously set out for payments made by the Issuer.

Tax Reporting Obligations of the Issuer and the Guarantor

RD 1145/2011 modified, among other provisions, article 44 of RD 1065/2007, which sets out the reporting obligations applicable to preference shares and debt instruments issued under Law 10/2014. The new procedures apply to interest deriving from preference shares and debt instruments to which Law 10/2014 refers, including debt instruments issued at a discount for a period equal to or less than twelve months.

Notes originally registered with the entities that manage clearing systems located in Spain

According to the wording of article 44.4 of RD 1065/2007, income derived from securities originally registered with a clearing system located in Spain, will be paid free of Spanish withholding tax in respect to non-Spanish-resident holders (acting or not through a permanent establishment in the Kingdom of Spain) or to legal entities that are resident in the Kingdom of Spain for tax purposes and are subject to Corporate Income Tax, provided that the entities which hold values registered on its third party accounts or, if applicable, the entities that manage clearing systems located outside Spain which have entered into an agreement with such clearing system located in Spain, submit a statement to the Issuer in accordance with the form attached as annex to RD 1065/2007 (see "Supplementary Annex" below) with the following information:

(i) identification of the securities;
(ii) total amount of income;
(iii) amount of income received by individual with tax residency in Spain which are subject to Personal Income Tax; and
(iv) amount of income received that will be paid free of Spanish withholding tax.

Notes originally registered with the entities that manage clearing systems located outside Spain

According to the literal wording of article 44.5 of RD 1065/2007, income derived from securities originally registered with the entities that manage clearing systems located outside Spain, that are recognised by Spanish law or by the law of another OECD country (such as Euroclear or Clearstream), will be paid free of Spanish withholding tax provided that the Paying Agent appointed by the Issuer submits a statement to the issuer, in accordance with the form attached as annex to RD 1065/2007 (see "Supplementary Annex" below), with the following information:

(i) identification of the securities; and
(ii) total amount of the income corresponding to each clearing house located outside Spain.

Common References

For these purposes, "income" means interest and the difference, if any, between the aggregate redemption price paid upon the redemption of the Notes and the issue price of the Notes.

In accordance with Section 44 of RD 1065/2007, the statements mentioned above must be provided to the relevant Issuer on the business day immediately prior to each interest payment date. In the event that on the date, the entities obliged to provide the declaration fail to do so, the relevant Issuer or the Paying Agent on its behalf will make a withholding at the general rate (currently 19 per cent.) on the total amount of the return on the relevant Notes otherwise payable to such entity. Regarding the interpretation of Article 44 RD 1065/2007 and the new simplified information procedures please see "*Risk Factors - Spanish tax rules*".

Please note that this is for general information purposes only and is not intended to be nor shall it be deemed to be, or constitute legal advice.

Refund by the Spanish tax authorities

Noteholders who might otherwise have been entitled to a gross payment but in respect of whom the Principal Paying Agent does not provide with the relevant Supplementary Annex on or before the 10th calendar day of the month that follows the month in which the interest is payable may seek a refund of Spanish tax withheld directly from the Spanish tax authorities.

Set out below is the Supplementary Annex in English which has been translated from the original Spanish. Such translation constitutes a direct, accurate and complete translation of the Spanish language text. In the event of any discrepancy between the Spanish language version of the Supplementary Annex and the corresponding English translation, the Spanish tax authorities will give effect to the Spanish language version of the relevant Supplementary Annex only.

ANEXO SUPLEMENTARIO

SUPPLEMENTARY ANNEX

Anexo al Reglamento al General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos, aprobado por Real Decreto 1065/2007

Annex to the General Regulations of the actions and procedures of tax administration and inspection and development of common rules of procedures for application of taxes, approved by Royal Decree 1065/2007

Modelo de declaración a que se refieren los apartados 3, 4 y 5 del artículo 44 del Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos

Declaration form referred to in paragraphs 3, 4, and 5 of Article 44 of the General Regulations of the actions and procedures of tax administration and inspection and development of common rules of procedures for application of taxes

Don (nombre),

Mr (name),

con número de identificación fiscal (1)

with tax identification number **(1)**

en nombre y representación de (entidad declarante),

in the name and on behalf of (the reporting entity),

con número de identificación fiscal (1)

with tax identification number **(1)**

y domicilio en

and domicile

en calidad de (marcar la letra que proceda):

acting as (check the appropriate letter):

(a) Entidad Gestora del Mercado de Deuda Pública en Anotaciones.

(a) Public Debt Market Participant.

(b) Entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero.

(b) Clearing System outside of Spain.

(c) Otras entidades que mantienen valores por cuenta de terceros en entidades de compensación y liquidación de valores domiciliadas en territorio español.

(c) Other entities that hold securities on behalf of third parties in the clearing system domiciled in Spain.

(d) Agente de pagos designado por el emisor.

(d) Paying agent appointed by the issuer.

Formula la siguiente declaración, de acuerdo con lo que consta en sus propios registros:

The following statement is made according to what is on your own records:

1. En relación con los apartados 3 y 4 del artículo 44:

1. In relation to paragraphs 3 and 4 of Article 44:

1.1 Identificación de los valores

1.1 Identification of the securities

1.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)

1.2 Date of payment of the income (or refund if securities issued at a discount or segregated):

1.3 Importe total de los rendimientos (o importe total a reembolsar, en todo caso, si son valores emitidos al descuento o segregados)

1.3 Amount of total income (or total amount to be reimbursed, if any, are securities issued at a discount or segregated)

1.4 Importe de los rendimientos correspondiente a contribuyentes del Impuesto sobre la Renta de las Personas Físicas, excepto cupones segregados y principales segregados en cuyo reembolso intervenga una Entidad Gestora

1.4 Amount of income corresponding to taxpayers of Natural Person Income Tax, except segregated coupons and segregated principal in which repayment involves a Clearing System Direct Participant

1.5 Importe de los rendimientos que conforme al apartado 2 del artículo 44 debe abonarse por su importe íntegro (o importe total a reembolsar si son valores emitidos al descuento o segregados)

1.5 Amount of income which, in accordance with paragraph 2 of Article 44, must be paid in full amount (or total amount to be reimbursed if they are securities issued at a discount or segregated)

2. En relación con el apartado 5 del artículo 44

2. In connection with paragraph 5 of Article 44

2.1 Identificación de los valores

2.1 Identification of securities

2.2 Fecha de pago de los rendimientos (o de reembolso si son valores emitidos al descuento o segregados)

2.2 Date of payment of income (or refund if the securities are issued at a discount or segregated)

2.3 Importe total de los rendimientos (o importe total a reembolsar si son valores emitidos al descuento o segregados)

2.3 Total income (or total amount to repay if securities issued at a discount or segregated)

2.4 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero A.

2.4 Total amount of income corresponding to the clearing system located outside of Spain A.

2.5 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero B.

2.5 Total amount of income corresponding to the clearing system located outside of Spain B.

2.6 Importe correspondiente a la entidad que gestiona el sistema de compensación y liquidación de valores con sede en el extranjero C.

2.6 Total amount of income corresponding to the clearing system located outside of Spain C.

Lo que declaro en …… a …. de ……...de ….

I stated this in ……. on .. of ……. of …..

(1) En caso de personas, físicas o jurídicas, no residentes sin establecimiento permanente se hará constar el número o código de identificación que corresponda de conformidad con su país de residencia.

(1) In case of individuals, or entities, non-residents without permanent establishment shall include the identification number or code as appropriate in accordance with their country of residence.

TAXATION

Irish Taxation

The following is a summary of the Irish withholding tax treatment of the Notes. It is based on the laws and practice of the Revenue Commissioners currently in force in Ireland as at the date of this Base Prospectus and may be subject to change. The summary does not purport to be a comprehensive description of all of the Irish tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only and it does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Notes. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of payments thereon under any laws applicable to them.

Withholding Tax

Irish withholding tax applies to certain payments including payments of:

- Irish source yearly interest (yearly interest is interest that is capable of arising for a period in excess of one year);
- Irish source annual payments (annual payments are payments that are capable of being made for a period in excess of one year and are pure income-profit in the hands of the recipient); and
- Distributions (including interest that is treated as a distribution under Irish law) made by companies that are resident in Ireland for the purposes of Irish tax;

at the standard rate of income tax (currently 20 per cent.).

On the basis that the Issuer is not resident in Ireland for the purposes of Irish tax, nor does the Issuer operate in Ireland through a branch or agency with which the issue of the Notes is connected, nor are the Notes held in Ireland through a depository or otherwise located in Ireland, then to the extent that payments of interest or annual payments arise on the Notes, such payments should not be regarded as payments having an Irish source for the purposes of Irish taxation.

Accordingly, the Issuer or any paying agent acting on behalf of the Issuer should not be obliged to deduct any amount on account of these Irish withholding taxes from payments made in connection with the Notes.

Separately, for as long as the Notes are quoted on a stock exchange, a purchaser of the Notes should not be obliged to deduct any amount on account of Irish tax from a payment made by it in connection with the purchase of the Notes.

Encashment Tax

Payments on any Notes paid by a paying agent in Ireland or collected or realised by an agent in Ireland acting on behalf of the beneficial owner of Notes will be subject to Irish encashment tax at the standard rate of Irish tax (currently 20 per cent.), unless it is proved, on a claim made in the required manner to the Revenue Commissioners of Ireland, that the beneficial owner of the Notes entitled to the interest or distribution is not resident in Ireland for the purposes of Irish tax and such interest or distribution is not deemed, under the provisions of Irish tax legislation, to be income of another person that is resident in Ireland.

TAXATION

Dutch Taxation

The following describes the principal Dutch tax consequences of the holding, exchange and disposal of the Notes. This summary does not purport to be a comprehensive description of all Dutch tax considerations that may be relevant to a decision to purchase, to hold, and to dispose of the Notes. For purposes of Dutch tax law, a Noteholder may include an individual or entity who does not have the legal title of these Notes, but to whom nevertheless the Notes or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the Notes or the income thereof. Each prospective holder of Notes should consult a professional adviser with respect to the tax consequences of an investment in the Notes. The discussion of certain Dutch taxes set forth below is included for general information purposes only.

This summary is based on the Dutch tax legislation, published case law, treaties, rules, regulations and similar documentation, in force as of the date of this Base Prospectus, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Tax position of the Issuer

Under the Convention, the Issuer is considered to be resident of Spain for tax purposes and therefore the Netherlands should refrain from levying corporate income tax on profits generated by the Issuer, except if and to the extent such profits are allocable to a Dutch permanent establishment or permanent representative of the Issuer.

Withholding tax

All payments of interest and principal made by the Issuer under a Note may be made free of withholding or deduction of, any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Taxes on Income and Capital Gains

A holder of the Notes (the "**Noteholder**") who derives income from a Note or who realises a gain from the disposal or redemption of a Note will not be subject to Dutch taxation on such income or gain, provided that:

- the Noteholder is neither a resident nor deemed to be a resident of the Netherlands for Dutch tax purposes;
- the Noteholder does not have an enterprise or deemed enterprise (as defined in Dutch tax law) or an interest in an enterprise or deemed enterprise (as defined in Dutch tax law) that is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands and to which enterprise or part of that enterprise, as the case may be, the Notes are attributable;
- the Noteholder is not entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands, other than by way of securities and to which enterprise the Notes are attributable;
- the Noteholder does not have a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest in the Issuer as defined in the Dutch Income Tax Act 2001 (*Wet op de inkomstenbelasting 2001*); and
- if the Noteholder is an individual, the Noteholder does not derive benefits from the Notes that are taxable as benefits from miscellaneous activities in the Netherlands (*resultaat uit overige werkzaamheden in Nederland*) as defined in the Dutch Income Tax Act 2001, which include, but are not limited to, activities in respect of the Notes which are beyond the scope of "regular active asset management" (*normaal actief vermogensbeheer*) or benefits which are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights which form a "lucrative interest" (*lucratief belang*). A lucrative interest is an interest which the holder thereof has acquired under such circumstances that benefits arising from this lucrative interest are intended to be a remuneration for work or services performed by such holder (or a person related to such holder) in the Netherlands, whether within or outside an employment relationship, where such lucrative interest provides the holder thereof, economically, with certain benefits that have a relationship to the relevant work or services**.**

TAXATION

Under Dutch tax law a Noteholder will not be deemed a resident, domiciled or carrying on a business in the Netherlands by reason only of its holding of the Notes or the performance by the Issuer of its obligations under the Notes.

Gift and Inheritance Taxes

No gift or inheritance taxes will arise in the Netherlands with respect to the acquisition of the Notes by way of gift by, or on the death of, a Noteholder, unless:

- the Noteholder is a resident or deemed to be resident of the Netherlands for the purpose of the relevant Dutch tax law provisions; or
- in the case of a gift of the Notes by an individual who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands, such individual dies within 180 days after the date of the gift, while being a resident or deemed to be a resident of the Netherlands.

For the purpose of Dutch gift and inheritance tax, an individual who has the Dutch nationality will be deemed to be a resident of the Netherlands at the date of the gift or the date of his death, if he has been a resident of the Netherlands at any time during the ten years preceding the date of the gift or the date of his death.

For the purposes of Dutch gift tax, an individual who does not have Dutch nationality will be deemed to be a resident of the Netherlands, at the date of the gift, if he has been a resident of the Netherlands at any time during the twelve months preceding the date of the gift.

Value Added Tax

No Value Added Tax (*Omzetbelasting*) will arise in the Netherlands in respect of any payment in consideration for the issue of the Notes or with respect to any payment of principal or interest by the Issuer on the Notes.

Other Taxes and Duties

No registration tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands in respect of or in connection with the issue of the Notes.

TAXATION

Swiss Taxation

The following discussion is a summary of certain material Swiss tax considerations relating to (i) Notes where the holder is tax resident in Switzerland or has a tax presence in Switzerland or (ii) Notes where the paying agent is located in Switzerland. The discussion is based on legislation as of the date of this Base Prospectus. It does not aim to be a comprehensive description of all the Swiss tax considerations that may be relevant for a decision to invest in Notes. The tax treatment for each investor depends on the particular situation. All investors are advised to consult with their professional tax advisors as to the respective Swiss tax consequences of the purchase, ownership, disposition, lapse, exercise or redemption of Notes (or options embedded therein) in light of their particular circumstances.

Swiss Withholding Tax

Payments by the Issuer on Notes are not subject to Swiss federal withholding tax provided that the Issuer is at all times resident and managed outside Switzerland for Swiss tax purposes.

Income Taxation

Notes held as Private Assets by a Swiss Resident Holder

(a) Structured Products

If a Note classifies as a structured product, its income taxation depends on whether the bond and the derivative financial instrument(s) embedded therein are reported separately from each other and whether the Note classifies as a structured product with or without a predominant one-time interest payment.

Non-transparent derivative financial instruments: If the embedded bond is not reported separately from the embedded derivative financial instrument(s), the Note classifies as non-transparent structured product and any return over the initial investment classifies as a taxable interest payment. Non-transparent derivative financial instruments generally include a predominant one-time interest payment. If so, Swiss resident private investors will be taxed on any interest payments and on any gains, including capital and foreign exchange gains, realised on the Notes (differential taxation method).

Transparent derivative financial instruments without a predominant one-time interest payment: If the embedded bond is reported separately from the embedded derivative financial instrument(s) and the yield-to-maturity predominantly derives from periodic interest payments and not from a one-time interest-payment (see below "—Transparent derivative financial instruments with a predominant one-time interest payment"), then any periodic interest payment and the one-time interest payment is taxed when paid to the holder of the Note. Any gain, including in respect of the option(s) or similar right(s) embedded in the Note, interest accrued or foreign exchange rate or market interest rate fluctuations realised on the sale of the Note is a tax-free private capital gain, whereas a loss is a non-tax-deductible private capital loss (see below "*Capital Gains Taxation – Notes held as Private Assets by a Swiss Resident Holder*"). The same applies if the Note is redeemed except that interest accrued is taxed when paid by the Issuer.

Transparent derivative financial instruments with a predominant one-time interest payment: If the embedded bond is recorded separately from the embedded derivative financial instrument(s) and the yield-to-maturity predominantly derives from a one-time interest-payment such as an original issue discount or a repayment premium, and not from periodic interest payments, then any periodic interest payments at sale or redemption of the Note as well as the difference between the value of the embedded bond at sale or redemption and its value at issuance or purchase, as applicable, converted, in each case, into Swiss francs at the rate of exchange prevailing at the time of sale, redemption, issuance or purchase constitutes taxable income (modified differential taxation method). A loss, as determined accordingly, realised on the sale or redemption of the Note may be offset against any gains (including periodic interest payments) realised within the same taxation period from all financial instruments with a predominant one-time interest payment. Any residual return realised on the embedded derivative financial instrument(s) is a tax-free private capital gain, and any residual loss is a non-tax-deductible private capital loss (see below "*Capital Gains Taxation – Notes held as Private Assets by a Swiss Resident Holder*").

(b) Notes/ Bonds

Notes without a predominant one-time interest payment: If a Note classifies as a pure bond without a predominant one-time interest payment (the yield-to-maturity predominantly derives from periodic

interest payments and not from a one-time interest-payment), Swiss resident private investors will be taxed on the periodic and any one-time interest payments, converted into Swiss francs at the rate of exchange prevailing at the time of payment. Any gain, including in respect of the option(s) or similar right(s) embedded in the Note, interest accrued or foreign exchange rate or market interest rate fluctuations, realised on the sale of a Note is a tax-free private capital gain, whereas a loss is a non-tax-deductible private capital loss (see below "*Capital Gains Taxation – Notes held as Private Assets by a Swiss Resident Holder*").

Notes with a predominant one-time interest payment: If a Note classifies as a pure bond with a predominant one-time interest payment (the yield-to-maturity predominantly derives from a one-time interest-payment such as an original issue discount or a repayment premium and not from periodic interest payments), Swiss resident private investors will be taxed on any periodic interest payments and on any gains, including capital and foreign exchange gains, realised on the Notes (differential taxation method). Any losses, as determined accordingly, realised on the sale or redemption of the Note may be offset against any gains (including periodic interest payments) realised within the same taxation period from all financial instruments with a predominant one-time interest payment).

(c) Pure Derivative Financial Instruments

Periodic and one-time dividend equalisation payments realised on a Note which classifies as a pure derivative financial instrument (such as plain vanilla call and put options, including low exercise price call options fully prefunding the underlying asset if its maturity does not exceed 12 months, low exercise price call options prefunding the underlying asset by up to 50% if its maturity exceeds 12 months, futures fully prefunding the underlying asset if its maturity does not exceed 12 months and futures prefunding the underlying asset by up to 25% if its maturity exceeds 12 months) and which is held as part of their private assets constitute taxable investment income. Any other return will be classified as a tax-exempt capital gain or a non-tax deductible capital loss (see below "*Capital Gains Taxation – Notes held as Private Assets by a Swiss Resident Holder*").

(d) Fund-like Products

An individual holding a fund-like product as part of private assets only receives taxable income (which he or she must report annually) over such portion of the distributions (in case the fund is distributing the income realised on the underlying investments) or earnings credits (in case the fund is reinvesting the income realised on the underlying investment) as derived from separately reported and distributed dividends and interest on the underlying instruments. Any distributions or credits deriving from capital gains realised on the underlying investments constitute a tax-free private capital gain and any loss on the underlying investments is a non-tax-deductible private capital loss. Such taxation will only apply if dividend and interest income and capital gains and losses are reported and distributed separately. Any gain realised within a taxation period on the sale of a fund-like instrument (including accrued dividends and interest) is exempt from income taxation as a private capital gain, and, conversely, any loss realised is a non-tax-deductible capital loss (see below "*Capital Gains Taxation – Notes held as Private Assets by a Swiss resident Holder*").

Notes held as Assets of a Swiss Business

Corporate entities and individuals who hold Notes as part of a trade or business in Switzerland (in the case of residents abroad carried on through a permanent establishment in Switzerland) are required to recognise any payments on, and any capital gains or losses realised on the sale or redemption of, such Notes (irrespective of their classification) in their income statement and will be taxed on any net taxable earnings for the respective taxation period.

The same taxation treatment also applies to Swiss-resident individuals who are classified by the tax authorities as "professional securities dealers" for reasons of, *inter alia*, frequent dealing and leveraged investments in Notes.

Capital Gains Taxation

Notes held as Private Assets by a Swiss Resident Holder

A gain or a loss realised by an individual resident in Switzerland upon the sale or other disposal of a Note held as part of his or her private assets, is a tax-free private capital gain or a non-tax deductible capital loss, respectively, unless such individual is classified by the tax authorities as a "professional securities dealer" for reasons of, *inter alia*, frequent dealing and leveraged investments in Notes. If an individual is classified as "professional securities dealer" he or she will be taxed in accordance with the principles set forth above under

"Notes held as Assets of a Swiss Business". Concerning the separation into a tax-exempt capital gains or non-tax deductible capital loss component, as applicable, and a taxable income component of a Note, see the breakdown principles set forth above with regard to the different instruments under "*Income Taxation – Notes held as Private Assets by a Swiss Resident Holder*").

Notes held as Assets of a Swiss Business

Capital gains realised on Notes held as assets of a Swiss business are taxed in accordance with the taxation principles set forth above under "*Income Taxation – Notes held as Swiss Business Assets*".

Swiss Federal Securities Turnover Tax

The issue and the sale of a Note by the Issuer on the issuance day (primary market transaction) and the redemption of a Note by the Issuer are not subject to Swiss federal securities turnover tax, except that the issuance by the Issuer of a Note classified as fund-like product where a Swiss domestic bank or a Swiss domestic securities dealer (as defined in the Swiss federal stamp tax act) is a party, or acts as an intermediary, to the transaction, may be subject to Swiss federal securities turnover tax of up to 0.30 per cent. on the consideration paid.

Secondary market transactions in a Note with a maturity in excess of 12 months where a Swiss domestic bank or a Swiss domestic securities dealer (as defined in the Swiss federal stamp tax act) is a party, or acts as an intermediary, to the transaction, may, if no statutory exemptions apply, be subject to Swiss securities turnover tax at a rate of up to 0.30 per cent. of the purchase price (except that the rate is 0.15 per cent. if the Note is classified as low exercise price call option or a future and classified as "sub-participation" in a single stock, a single bond or an interest in a single collective capital investment scheme or a single collective-capital-investment-like product of a Swiss issuer). In contrast, a secondary market transaction in a Note is generally exempt from Swiss federal securities turnover tax if the Note classifies as pure derivative financial instrument (see above "*Income Taxation – Notes held as Private Assets by a Swiss Resident Holder – Pure Derivative Financial Instruments*").

Delivery of an *Underlying*, which classifies as taxable security for purposes of the Swiss federal stamp tax act, such as a stock, a bond, an interest in a fund-like product, to the holder of a Note, is subject to Swiss federal securities turnover tax at a rate of 0.15 per cent. if the *Underlying* is a taxable security issued by a Swiss resident issuer and at a rate of 0.30 per cent. if the *Underlying* is a taxable security issued by a non-Swiss resident issuer, however, only if a Swiss securities dealer, as defined in the Swiss federal stamp tax act, is a party or an intermediary to the transaction and if no exemption applies.

Gift, Inheritance and Estate Taxes

Subject to an applicable international tax treaty in an international scenario, transfers of Notes may be subject to cantonal and/or communal inheritance tax, estate tax or gift tax if the deceased person had his or her last domicile in Switzerland, the donor is resident in Switzerland, or in the case of a foreign deceased or donor the transfer involves an unincorporated business (partnership or sole proprietorship) in Switzerland and Notes are held as part of such business. No such taxes exist at the federal level. The rate depends on the relationship (i.e. the relationship between the deceased and the heirs, or between the donor and the donee) and the amount of the inheritance or gift. Interspousal gifts and gifts to descendants, as well as inheritances of the surviving spouse and descendants are normally exempt or taxed at privileged rates. Gifts and inheritances from unrelated persons are taxed at rates ranging from 20 per cent. to 60 per cent. The taxable base is usually the market value of the property transferred.

Net Worth and Capital Taxes

A holder of Notes who is an individual and resident in Switzerland or resident outside Switzerland and holding Notes as part of a Swiss permanent establishment, is required to report Notes as part of private assets or as part of the Swiss business assets, as applicable, and is subject to annual cantonal and/or communal private wealth tax on any net taxable wealth (including the Notes); in the case of a non-Swiss resident individual holding Notes as part of a Swiss permanent establishment to the extent the aggregate taxable wealth is allocable to Switzerland. Incorporated holders of Notes are subject to cantonal and communal capital tax on net taxable equity, in the case of non-Swiss resident incorporated holders to the extent the aggregate net taxable equity is allocable to Switzerland. There are no net worth or capital taxes levied at the federal level.

Non-Swiss Resident Holders

A holder of a Note who is not resident in Switzerland for tax purposes and who during the taxation period has not engaged in trade or business carried on through permanent establishment in Switzerland, to which the Note

is attributable, will in respect of such Note not be subject to income tax, capital gains tax, net wealth tax or capital tax in Switzerland.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). However, Estonia has since stated that it will not participate.

The Commission's Proposal 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.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in 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.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. 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.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer has registered with the U.S. Internal Revenue Service as a reporting foreign financial institution for these purposes.

A number of jurisdictions (including Spain and the Netherlands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Notes (as described under the section of the applicable Product Annex entitled "Terms and Conditions – Further Issues") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all such Notes, including those Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

U.S. Section 871(m) Withholding

Section 871(m) of the U.S. Internal Revenue Code of 1986 Code treats U.S. "dividend equivalent" payments as dividends from sources within the United States for United States tax purposes. Under Section 871(m), such payments generally would be subject to a 30 per cent. U.S. withholding tax that may be reduced by an applicable tax treaty, eligible for credit against other U.S. tax liabilities or refunded, provided that the beneficial owner timely claims a credit or refund from the U.S. Internal Revenue Service (the "**IRS**"). A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the

payment of a dividend from sources within the United States; (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States; or (iii) any other payment determined by the IRS to be substantially similar to a payment described in (i) and (ii). U.S. Treasury regulations issued under Section 871(m) (the "**Section 871(m) Regulations**") require withholding on payments to certain non-U.S. holders of Notes with respect to amounts treated as attributable to dividends from certain U.S. securities. Under the Section 871(m) Regulations, only Notes that have an expected economic return sufficiently similar to that of the underlying U.S. securities as determined on the Notes' issue date based on tests set forth in the Section 871(m) Regulations ("**871(m) Notes**") will be subject to the Section 871(m) withholding regime. The Section 871(m) Regulations provide certain exceptions to this withholding requirement, in particular for instruments linked to certain broad-based indices.

Withholding in respect of dividend equivalents will generally be required when cash payments are made on an 871(m) Note or upon the date of maturity, lapse or other disposition by a non-U.S. holder of an 871(m) Note. If the underlying U.S. security or securities are expected to pay dividends during the term of the 871(m) Note, withholding will generally still be required even if the 871(m) Note does not provide for payments explicitly linked to dividends. If the Issuer or any withholding agent determines that 871(m) withholding is required in respect of any payment on any Note, neither the Issuer nor any of its agents will be required to pay any additional amounts with respect to amounts so withheld.

If the Issuer states in the Final Terms of any Series of Notes, that such Series are 871(m) Notes, then any non-U.S. holder of the Securities should expect payments under such notes to be subject to 871(m) withholding in respect of any dividend-paying U.S. securities underlying those Notes. The Section 871(m) Regulations require complex calculations to be made with respect to Securities linked to U.S. securities and their application to a specific Series of Notes may be uncertain. Prospective investors should consult their tax advisers regarding the potential application of Section 871(m) to the Notes.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealer(s) have, in an amended and restated programme agreement (as further modified and/or supplemented and/or restated from time to time, the "**Programme Agreement**") dated 18 June 2019 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 Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer (and, failing which, the Guarantor) have agreed to reimburse the Dealer(s) for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealer(s) against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail for a limited period after the Issue Date. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilisation or other transactions. Such transactions, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Under UK laws and regulations stabilisation activities may only be carried on by the Stabilisation Manager named in the Final Terms (or persons acting on its behalf) and may only continue for a limited period following the Issue Date (or, if the ending day would be earlier, 60 days after the date of allotment) of the relevant Tranche of Notes.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.[33]

Each person purchasing an interest in a Registered Global Note will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(a) that (i) it is a QIB who is also a QP, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs who are also QPs and it is aware that any sale to it is being made in reliance on Rule 144A, or (ii) it is outside the United States and is not a U.S. person;

(b) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(c) that, unless it holds an interest in a Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes, only (i) to the Issuer or any affiliate thereof, (ii) inside the United States to a person whom the seller reasonably believes is a QIB who is also a QP purchasing for its own account or for the account of a QIB who is also a QP in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws;

[33] In no event Notes to be offered or sold in the United States will be Book-Entry Notes

(d) that it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (c) above, if then applicable;

(e) that Notes initially offered in the United States to QIBs who are also QPs will be represented by one or more Rule 144A Global Notes, that Notes offered to Institutional Accredited Investors who are also QPs will be in the form of Definitive IAI Registered Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;

(f) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY STATE SECURITIES LAWS AND THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED AS AN "INVESTMENT COMPANY" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**1940 ACT**"). NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF UNLESS SUCH TRANSACTION IS REGISTERED PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT, OR IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND UNDER CIRCUMSTANCES WHICH DO NOT REQUIRE THE ISSUER TO REGISTER UNDER THE 1940 ACT.

BY PURCHASING THE NOTES REPRESENTED HEREBY, EACH HOLDER OF ANY BENEFICIAL INTEREST HEREIN WILL BE DEEMED TO HAVE REPRESENTED FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO THE NOTES THAT IT (I)(A) IS AN "ELIGIBLE INVESTOR" (AS DEFINED BELOW), (B) WILL HOLD AT LEAST THE MINIMUM DENOMINATION OF U.S.$250,000, (C) WILL PROVIDE NOTICE OF APPLICABLE TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREE, INCLUDING DELIVERING TO EACH TRANSFEREE A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND, (D) IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNTS OF ONE OR MORE OTHER PERSONS EACH OF WHOM MEETS ALL OF THE PRECEDING REQUIREMENTS AND (E) AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THE NOTES OR ANY BENEFICIAL INTEREST HEREIN TO ANY PERSON EXCEPT TO A PERSON THAT MEETS ALL OF THE PRECEDING REQUIREMENTS AND AGREES NOT TO SUBSEQUENTLY TRANSFER THE NOTES OR ANY BENEFICIAL INTEREST HEREIN EXCEPT IN ACCORDANCE WITH THIS CLAUSE (E) OR (II) IS NOT A U.S. PERSON AND IS ACQUIRING THE NOTES PURSUANT TO RULE 903 OR 904 OF REGULATION S. IN THE EVENT OF ANY TRANSFER PURSUANT TO THE PRECEDING CLAUSE (II), (1) THE TRANSFEREE WILL BE REQUIRED TO HAVE THE NOTES SO TRANSFERRED TO BE REPRESENTED BY AN INTEREST IN THE REGULATION S GLOBAL NOTE (AS DEFINED IN THE BASE PROSPECTUS); (2) THE TRANSFEROR WILL BE REQUIRED TO DELIVER A TRANSFER CERTIFICATE (THE FORM OF WHICH IS ATTACHED TO THE AGENCY AGREEMENT AND IS AVAILABLE FROM THE TRANSFER AGENT), AND (3) THE TRANSFEREE WILL BE REQUIRED TO CERTIFY AS TO ITS STATUS AS A NON-U.S. PERSON. ANY RESALE OR OTHER TRANSFER OF THIS NOTE MADE OTHER THAN IN COMPLIANCE WITH THE FOREGOING RESTRICTIONS SHALL NOT BE RECOGNISED BY THE ISSUER, THE REGISTRAR OR ANY OTHER AGENT OF THE ISSUER.

"**ELIGIBLE INVESTORS**" ARE DEFINED FOR THE PURPOSES HEREOF AS PERSONS WHO ARE "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**QIBS**") THAT ARE ALSO "QUALIFIED PURCHASERS" AS DEFINED IN SECTION 2(A)(51)(A) OF THE 1940 ACT ("**QPS**"), ACTING FOR THEIR OWN ACCOUNT OR FOR THE ACCOUNT OF OTHER QIBS WHO ARE ALSO QPS, OR PERSONS WHO ARE INSTITUTIONAL ACCREDITED INVESTORS AND QPS, BUT EXCLUDING THEREFROM: (I) QIBS THAT ARE BROKER DEALERS THAT OWN AND INVEST ON A DISCRETIONARY BASIS LESS THAN U.S.$25 MILLION IN "SECURITIES" AS SUCH TERM IS DEFINED UNDER RULE 144A, (II) A PARTNERSHIP, COMMON TRUST FUND, SPECIAL TRUST, PENSION FUND, RETIREMENT PLAN OR OTHER ENTITY IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS THE CASE MAY BE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE OR THE ALLOCATION THEREOF, (III) AN ENTITY THAT WAS FORMED, REFORMED OR RECAPITALISED FOR THE SPECIFIC PURPOSE OF INVESTING IN THE NOTES, (IV) ANY INVESTMENT COMPANY EXCEPTED FROM THE 1940 ACT SOLELY PURSUANT TO SECTION 3(C)(1) OR SECTION 3(C)(7) THEREOF AND FORMED PRIOR TO 30 APRIL, 1996, THAT HAS NOT RECEIVED THE CONSENT OF ITS BENEFICIAL OWNERS WITH RESPECT TO THE TREATMENT OF SUCH ENTITY AS A QUALIFIED PURCHASER IN THE MANNER

REQUIRED BY SECTION 2(A)(51)(C) OF THE 1940 ACT AND RULES AND REGULATIONS THEREUNDER AND (V) ANY ENTITY THAT WILL HAVE INVESTED MORE THAN 40 PER CENT. OF ITS ASSETS IN SECURITIES OF THE ISSUER SUBSEQUENT TO ANY PURCHASE OF THE NOTES.

THE PURCHASER ACKNOWLEDGES THAT THE ISSUER OR ANY DEALER RESERVE THE RIGHT PRIOR TO ANY SALE OR OTHER TRANSFER TO REQUIRE THE DELIVERY OF SUCH CERTIFICATIONS, LEGAL OPINIONS AND OTHER INFORMATION AS THE ISSUER OR ANY DEALER MAY REASONABLY REQUIRE TO CONFIRM THAT THE PROPOSED SALE OR OTHER TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS. EACH HOLDER OF A BENEFICIAL INTEREST IN THIS GLOBAL NOTE ACKNOWLEDGES THAT IN THE EVENT THAT AT ANY TIME THE ISSUER DETERMINES OR IS NOTIFIED BY THE DEALER(S) THAT SUCH PURCHASER WAS IN BREACH, AT THE TIME GIVEN OR DEEMED TO BE GIVEN, OF ANY OF THE REPRESENTATIONS OR AGREEMENTS SET FORTH IN THIS LEGEND OR OTHERWISE DETERMINES THAT ANY TRANSFER OR OTHER DISPOSITION OF ANY NOTES WOULD, IN THE SOLE DETERMINATION OF THE ISSUER, REQUIRE THE ISSUER TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE PROVISIONS OF THE 1940 ACT, SUCH PURCHASE OR OTHER TRANSFER WILL BE VOID AB INITIO AND WILL NOT BE HONORED BY THE REGISTRAR. ACCORDINGLY, ANY SUCH PURPORTED TRANSFEREE OR OTHER HOLDER WILL NOT BE ENTITLED TO ANY RIGHTS AS A NOTEHOLDER AND THE ISSUER SHALL HAVE THE RIGHT, IN ACCORDANCE WITH THE CONDITIONS OF THE NOTES, TO FORCE THE TRANSFER OF OR REDEMPTION OF ANY SUCH NOTES.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. TERMS WHICH ARE USED IN THIS LEGEND WHICH ARE DEFINED IN RULE 144A HAVE THE MEANINGS GIVEN TO THEM UNDER SUCH RULE.

THE NOTES REPRESENTED BY THIS NOTE MAY NOT BE PURCHASED OR HELD BY (A) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**")), (B) ANY PLAN SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY (WITHIN THE MEANING OF THE U.S. DEPARTMENT OF LABOR REGULATIONS SECTION 2510.3-101 AS MODIFIED BY SECTION 3(42) OF ERISA).

THE NOTES AND THE GUARANTEE THEREOF AND ANY ENTITLEMENT(S) DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETED AS, CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE U.S. COMMODITY EXCHANGE ACT, AS AMENDED (THE "**CEA**"), AND TRADING IN THE SECURITIES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION PURSUANT TO THE CEA.THIS NOTE AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH NOTES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS NOTE TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS NOTE SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS NOTE AND ANY NOTES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

(g) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Notes), it will do so only (i) (A) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (B) to a QIB who is also a QP in compliance with Rule 144A and (ii) in accordance with all applicable U.S. state securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the Issuer:

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY STATE SECURITIES LAWS AND THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED AS AN "INVESTMENT COMPANY" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**1940 ACT**"). NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF UNLESS SUCH TRANSACTION IS REGISTERED PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT, OR IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND UNDER CIRCUMSTANCES WHICH DO NOT REQUIRE THE ISSUER TO REGISTER UNDER THE 1940 ACT.

EACH HOLDER OF A BENEFICIAL INTEREST HEREIN SHALL BE DEEMED TO AGREE FOR THE BENEFIT OF THE ISSUER THAT, IF IT SHOULD DECIDE TO DISPOSE OF THE NOTES REPRESENTED BY THIS REGULATION S GLOBAL NOTE PRIOR TO THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION, BENEFICIAL INTERESTS IN THIS REGULATION S GLOBAL NOTE MAY BE OFFERED, RESOLD OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE ISSUER TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE 1940 ACT. ACCORDINGLY, ANY TRANSFERS OF THE NOTES PRIOR TO THE TERMINATION OF THE DISTRIBUTION COMPLIANCE PERIOD MAY ONLY BE MADE: (A) TO A NON-U.S. PERSON IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (B) TO OR FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON IN A TRANSACTION PURSUANT TO RULE 144A OR REGULATION D UNDER THE SECURITIES ACT TO PERSONS WHO QUALIFY AS "ELIGIBLE INVESTORS" (AS DEFINED BELOW). IN THE CASE OF ANY SUCH TRANSFER PURSUANT TO CLAUSE (B), (1) THE TRANSFEREE WILL BE REQUIRED TO HAVE THE NOTES SO TRANSFERRED TO BE REPRESENTED BY AN INTEREST IN A RULE 144A GLOBAL NOTE OR A DEFINITIVE IAI REGISTERED NOTE (AS DEFINED IN THE BASE PROSPECTUS); (2) THE TRANSFEROR WILL BE REQUIRED TO DELIVER A TRANSFER CERTIFICATE (THE FORM OF WHICH IS ATTACHED TO THE AGENCY AGREEMENT AND IS AVAILABLE FROM THE TRANSFER AGENT), AND (3) THE TRANSFEREE WILL BE REQUIRED TO EXECUTE AN INVESTMENT LETTER (THE FORM OF WHICH IS ALSO ATTACHED TO THE AGENCY AGREEMENT) CERTIFYING, AMONG OTHER THINGS, ITS STATUS AS AN ELIGIBLE INVESTOR.

"**ELIGIBLE INVESTORS**" ARE DEFINED FOR THE PURPOSES HEREOF AS PERSONS WHO ARE "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**QIBS**") THAT ARE ALSO "QUALIFIED PURCHASERS" AS DEFINED IN SECTION 2(A)(51)(A) OF THE 1940 ACT ("**QPS**"), ACTING FOR THEIR OWN ACCOUNT OR FOR THE ACCOUNT OF OTHER QIBS WHO ARE ALSO QPS, OR PERSONS WHO ARE INSTITUTIONAL ACCREDITED INVESTORS AND QPS, BUT EXCLUDING THEREFROM: (I) QIBS THAT ARE BROKER DEALERS THAT OWN AND INVEST ON A DISCRETIONARY BASIS LESS THAN U.S.$25 MILLION IN "SECURITIES" AS SUCH TERM IS DEFINED UNDER RULE 144A, (II) A PARTNERSHIP, COMMON TRUST FUND, SPECIAL TRUST, PENSION FUND, RETIREMENT PLAN OR OTHER ENTITY IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS THE CASE MAY BE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE OR THE ALLOCATION THEREOF, (III) AN ENTITY THAT WAS FORMED, REFORMED OR RECAPITALISED FOR THE SPECIFIC PURPOSE OF INVESTING IN THE NOTES, (IV) ANY INVESTMENT COMPANY EXCEPTED FROM THE 1940 ACT SOLELY PURSUANT TO SECTION 3(c)(1) OR SECTION 3(c)(7) THEREOF AND FORMED PRIOR TO 30 APRIL, 1996, THAT HAS NOT RECEIVED THE CONSENT OF ITS BENEFICIAL OWNERS WITH RESPECT TO THE TREATMENT OF SUCH ENTITY AS A QUALIFIED PURCHASER IN THE MANNER REQUIRED BY SECTION 2(a)(51)(c) OF THE 1940 ACT AND RULES AND REGULATIONS THEREUNDER AND (V) ANY ENTITY THAT WILL HAVE INVESTED MORE THAN 40 PER CENT. OF ITS ASSETS IN SECURITIES OF THE ISSUER SUBSEQUENT TO ANY PURCHASE OF THE NOTES.

EACH HOLDER OF A BENEFICIAL INTEREST HEREIN UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF ALL PARTICIPANTS HOLDING POSITIONS IN ITS NOTES FROM ONE OR MORE BOOK-ENTRY DEPOSITARIES AND THAT THE PARTICIPANTS MAY FURTHER DISCLOSE TO THE ISSUER THE NAMES AND POSITIONS OF HOLDERS OF ITS NOTES.

THE NOTES AND THE GUARANTEE THEREOF AND ANY ENTITLEMENT(S) DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETED AS, A CONTRACT OF SALE OF A COMMODITY FOR FUTURE

DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE U.S. COMMODITY EXCHANGE ACT, AS AMENDED (THE "**CEA**"), AND TRADING IN THE NOTES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISION PURSUANT TO THE CEA"; and

(h) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Unless otherwise provided in the applicable Final Terms, each Institutional Accredited Investor who is also a QP who purchases Registered Notes in definitive form offered and sold in the United States in reliance upon the exemption from registration provided by Regulation D of the Securities Act is required to execute and deliver to the Registrar an Investment Letter. Upon execution and delivery of an Investment Letter by an Institutional Accredited Investor who is also a QP, Notes will be issued in definitive registered form, see "*Form of Notes*". Each QIB who is also a QP who purchases Rule 144A Global Notes offered and sold in the United States in reliance upon the exemption from registration provided by Rule 144A of the Securities Act is required to execute and deliver to the Registrar an Investment Letter.

The Investment Letter referred to above shall include the following representations and agreements (undefined terms used in this section that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(a) **Purchaser Requirements**. Notes may be offered in the United States to a purchaser who: (i) is an Eligible Investor (as defined below), (ii) will hold at least the minimum denomination of US$250,000, (iii) will provide notice of applicable transfer restrictions to any subsequent transferee (and each subsequent transferee will be deemed to have made the same representations and agreements contained in clauses (i) through (v) of this paragraph), (iv) understands that the issuer may receive a list of all participants holding positions in its Notes from one or more book-entry depositaries and that the participants may further disclose to the issuer the names and positions of holders of its Notes, and (v) is purchasing for its own account or for the accounts of one or more other persons each of whom meets all of the requirements of clauses (i) through (v) and over which it exercises sole investment discretion.

(b) **Notice of Transfer Restrictions**. Each purchaser acknowledges and agrees that (a) the Notes have not been and will not be registered under the Securities Act and the Issuer has not been registered as an "investment company" under the 1940 Act, (b) neither the Notes nor any beneficial interest therein may be re-offered, resold, pledged or otherwise transferred except in accordance with the provisions set out in paragraph (a) above and (c) the purchaser will notify any transferee of such transfer restrictions and that each subsequent holder will be required to notify any subsequent transferee of such Notes of such transfer restrictions.

(c) **Mandatory Transfer/Redemption**. Each purchaser acknowledges and agrees that in the event that at any time the Issuer determines or is notified by a Dealer acting on behalf of the Issuer that such purchaser was in breach, at the time given or deemed to be given, of any of the representations or agreements set out in paragraph (a) above or otherwise determines that any transfer or other disposition of any Notes would, in the sole determination of the Issuer or a Dealer acting on behalf of the Issuer, require the Issuer to register as an "investment company" under the provisions of the 1940 Act, such purchase or other transfer will be void *ab initio* and will not be honoured by the Registrar. Accordingly, any such purported transferee or other holder will not be entitled to any rights as a Noteholder and the Issuer shall have the right, in accordance with the conditions of the Notes, to force the transfer of, transfer on behalf of the Noteholder or redeem, any such Notes.

(d) **Rule 144A Information**. Each purchaser of Notes offered and sold in the United States under Rule 144A is hereby notified that the offer and sale of such Notes to it is being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. The Issuer has agreed to furnish to investors upon request such information as may be required by Rule 144A.

(e) **ERISA**. If the purchaser is a U.S. person purchasing an interest in a Rule 144A Global Note, it is not a benefit plan investor, is not using the assets of a benefit plan investor to acquire such Notes and shall not at any time hold such Notes for a benefit plan investor (including assets that may be held in an insurance company's separate or general accounts where assets in such accounts may be deemed "plan assets" for purposes of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")). For the purposes hereof, the term "benefit plan investor" means (a) any employee benefit

plan (as defined in section 3(3) of ERISA), (b) any plan described in section 4975(e)(1) of the U.S. Internal Revenue Code, or (b) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity (within the meaning of the U.S. Department of Labor Regulations Section 2510.3-101 as modified by Section 3(42) of ERISA).

(f) **Relevant Information**. The purchaser has received a copy of this Base Prospectus and such other information as it deems necessary in order to make its investment decision.

(g) **Legends on Global Notes**. Each purchaser acknowledges that each of the Rule 144A Global Note and the Regulation S Global Note will bear legends substantially to the effect set out in this Base Prospectus and that the Issuer has covenanted not to remove either such legend so long as it shall be necessary for the Issuer to rely on the exception to the 1940 Act set out in Section 3(c)(7) thereof.

(h) **Regulation S Transfers During the Distribution Compliance Period**. If the purchaser has acquired a portion of a Regulation S Global Note in a sale or other transfer being made in reliance upon Regulation S, the purchaser agrees that during the Distribution Compliance Period it will not offer, resell, pledge or otherwise transfer such portion of such Regulation S Global Note to or for the account or benefit of any U.S. person other than to a person meeting the requirements set out in paragraph (a) above and in the legend set out on the Regulation S Global Note.

If the purchaser is an Institutional Accredited Investor who is also a QP, the Investment Letter will also contain the following representations and agreements:

(i) that the Institutional Accredited Investor who is also a QP is an Institutional Accredited Investor within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and is a "qualified purchaser" within the meaning of Section 2(a)(51)(A) of the United States Investment Company Act of 1940, as amended and the rules and regulations thereunder ("**QP**"), and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Notes, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts' investment for an indefinite period of time.

(j) that, in the event that the Institutional Accredited Investor who is also a QP purchases Notes, it will acquire Notes having a minimum purchase price of at least US$500,000 (or the approximate equivalent in another Specified Notes Currency).

No sale of Legended Notes in the United States to any one purchaser will be for less than US$250,000 (or its foreign currency equivalent) nominal amount or, in the case of sales to Institutional Accredited Investors who is are also QPs, US$500,000 (or its foreign currency equivalent) nominal amount and no Legended Note will be issued in connection with such a sale in a smaller nominal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least US$250,000 (or its foreign currency equivalent) or, in the case of sales to Institutional Accredited Investors to are also QPs, US$500,000 (or its foreign currency equivalent) nominal amount of Registered Notes.

Any transfer or other disposition of any Notes that would, in the sole determination of the Issuer, require the Issuer to register as an "investment company" under the provisions of the 1940 Act will be void *ab initio*, and such transfer or other disposition will not be recognised by the Issuer. If, at any time a Note is held by or on behalf of a U.S. person who is not an Eligible Investor at the time it purchases such Note the Issuer may, in its discretion and at the expense and risk of such holder, (a) redeem such Notes, in whole or in part, to permit the Issuer to avoid registration under the 1940 Act or (b) require any such holder to transfer such Notes to an Eligible Investor or to a non-U.S. person outside the United States or cause such Notes to be transferred on behalf of the Noteholder. The determination of which Notes will be redeemed or sold in any particular case is in the discretion of the Issuer

No transfer of Implicit Yield Notes to Spanish Individuals

The sale, transfer, or acquisition of Implicit Yield Notes (as defined below), including, but not limited to, Zero Coupon Notes, to or by individuals (*personas físicas)* who are tax resident in Spain (each a "**Spanish Individual**") is forbidden in all cases. Any transfer of Implicit Yield Notes to or by Spanish Individuals is not permitted and such transfer will be considered null and void by the Issuer and the Guarantor. Accordingly, neither the Issuer nor the Guarantor will recognise any Spanish Individual as an owner of Implicit Yield Notes.

"**Implicit Yield Notes**" means Notes in respect of which the income derives from (a) the difference between the redemption amount and the issue price of the Notes, or (b), subject to the paragraph below, a combination of (i) an explicit coupon and (ii) the difference between the redemption amount and the issue price of the Notes;

For the purposes of this Base Prospectus and in accordance with Spanish tax regulations, Notes with the characteristics set out in (b) above will only be deemed Implicit Yield Notes if the interest payable in each year (explicit coupon) is lower than the Interest Rate of Reference applicable as of the Issue Date.

The "**Interest Rate of Reference**" shall be the interest rate applicable to each calendar quarter determined by reference to 80 per cent. of the weighted average rate fixed in the preceding calendar quarter for a (a) 3 year Spanish Government Bond issues, if the Notes have a term of 4 years or less, (b) 5 year Spanish Government Bond issues, if the Notes have a term of more than 4 years but equal or less than 7 years, or (c) 10, 15 or 30 year Spanish Government Bond issues, if the Notes have a term of more than 7 years, all as determined by the Calculation Agent in a commercially reasonable manner.

Selling Restrictions

United States

Neither the Notes nor the Guarantee, nor any Entitlement(s) to be delivered in respect of Notes where physical delivery is specified as applicable, have been or will be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Notes may be offered in the United States to a purchaser: (i) who is an Eligible Investor (as defined below), (ii) will hold at least the minimum denomination of US$250,000 (or equivalent in the relevant currency), (iii) will provide notice of applicable transfer restrictions to any subsequent transferee (and each subsequent transferee will be deemed to have made the same representations and agreements contained in clauses (i) through (v) of this paragraph), (iv) understands that the issuer may receive a list of all participants holding positions in its Notes from one or more book-entry depositaries and that the participants may further disclose to the issuer the names and positions of holders of its Notes, and (v) is purchasing for its own account or for the accounts of one or more other persons each of whom meets all of the requirements of clauses (i) through (v) and over which it exercises sole investment discretion.

Each purchaser who satisfies clauses (i) through (v) above acknowledges and agrees that in the event that at any time the Issuer determines or is notified by a Dealer acting on behalf of the Issuer that such purchaser was in breach, at the time given or deemed to be given, of any of the representations or agreements set out in clauses (i) through (v) above or otherwise determines that any transfer or other disposition of any Notes would, in the sole determination of the Issuer or a Dealer acting on behalf of the Issuer, require the Issuer to register as an "investment company" under the provisions of the 1940 Act, such purchase or other transfer will be void *ab initio* and will not be honoured by the Registrar. Accordingly, any such purported transferee or other holder will not be entitled to any rights as a Noteholder and the Issuer shall have the right, in accordance with the conditions of the Notes, to force the transfer of, transfer on behalf of the Noteholder or redeem, any such Notes.

Such Notes will be offered by BBVA (acting through its agent BBVA Securities Inc.) (in such capacity, the "**Initial Purchaser**").

The Notes in bearer form 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. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and Treasury regulations promulgated thereunder. The Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, in connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S ("**Regulation S Notes**"), that it will not offer, sell or deliver such Regulation S Notes (a) as part of their distribution at any time or (b) 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 Regulation S 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 Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

As used herein, "**United States**" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and "**U.S. person**" means (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being non-U.S. persons; or (vii) any other "U.S. Person" as such term may be defined in Regulation S under the Securities Act or in regulations adopted under the Commodity Exchange Act, as amended.

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.

Dealer(s) may arrange for the resale of Notes to QIBs who are also QPs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealer(s) may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A and one or more exemptions and/or exclusions from regulation under the CEA. The minimum aggregate nominal amount of Notes which may be purchased by a QIB who are also QPs pursuant to Rule 144A is US$250,000 (or the approximate equivalent thereof in any other currency). To the extent that the Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4) so long as the Notes are considered restricted securities within the meaning of Rule 144A(a)(3) under the Securities Act.

The Notes, the Guarantee and any Entitlement(s) do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the CEA, and trading in the Notes has not been approved by the U.S. Commodity Futures Trading Commission pursuant to the CEA.

Each issuance of Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the Final Terms.

1940 Act compliance

As described above, the Issuer has not been and will not be registered as an "investment company" under the 1940 Act and, accordingly, the Notes may only be sold in the United States or to, or for the account or benefit of, U.S. persons in compliance with Section 3(c)(7) of the 1940 Act. In general, the Section 3(c)(7) exception excludes from the definition of an investment company any issuer whose outstanding securities are owned exclusively by persons who are "Qualified Purchasers" (or "**QPs**", as defined in Section 2(a)(51)(A) of the 1940 Act and the rules and regulations of the U.S. Securities and Exchange Commission thereunder) and that has not made a public offering of its securities. Consequently, the relevant Notes may only be offered, sold, resold, delivered or transferred (a) within the United States or to, or for the account or benefit of, U.S. persons, in a transaction made in compliance with both Rule 144A and Section 3(c)(7) under the 1940 Act to persons that are Eligible Investors (as defined below) or (b) outside the United States to persons that are not U.S. persons in offshore transactions in reliance on Rule 903 or 904 of Regulation S.

"**Eligible Investors**" are defined as persons who are QIBs and also QPs acting for their own account or for the account of other QIBs who are also QPs, or persons who are Institutional Accredited Investors and also QPs, but excluding therefrom: (i) QIBs that are broker dealers that own and invest on a discretionary basis less than US$25 million in "securities" of unaffiliated issuers (ii) a partnership, common trust fund, special trust, pension fund, retirement plan or other entity in which the partners, beneficiaries or participants, as the case may be, may designate the particular investments to be made or the allocation thereof, (iii) an entity that was formed, reformed or recapitalised for the specific purpose of investing in the Notes, (unless each beneficial owner of such entity is a QP), (iv) any investment company excepted from the 1940 Act solely pursuant to Section 3(c)(1) or Section 3(c)(7) thereof and formed prior to 30 April, 1996, that has not received the consent of its beneficial

owners with respect to the treatment of such entity as a qualified purchaser in the manner required by Section 2(a)(51)(C) of the 1940 Act and rules thereunder, and (v) any entity that will have invested more than 40 per cent. of its assets in securities of the Issuer subsequent to any purchase of the Notes.

European Union

Public Offer Selling Restriction under the Prospectus Directive

With regard to each Tranche of Notes in relation to which "Prohibition of Sales to EEA Retail Investors" will be selected to be "Not applicable" in Part B of the relevant Final Terms the following restrictions apply:

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable, and the Issuer has consented in writing to its use for the purpose of such Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and
- the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EC), and includes any relevant implementing measure in the Relevant Member State.

With regard to each Tranche of Notes in relation to which "Prohibition of Sales to EEA Retail Investors" will be selected to be "applicable" in Part B of the relevant Final Terms the following restrictions apply: Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or

(ii) a customer within the meaning of Directive 2016/97/EU (as amended or superseded, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Directive; and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

The Netherlands

The Notes may not, directly or indirectly, be, (or announced to be) offered, sold, resold, delivered or transferred as part of their initial distribution or at any time thereafter to, or to the order of, or for the account of, any person anywhere in the world other than to;

(A) persons who do not form part of the "public", as that term is interpreted by the applicable regulator pursuant to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012; and who are

(B) Qualified Investors within the meaning of Section 1:1 of the Financial Supervision Act (*Wet op het financieel toezicht*).

Savings Certificates Act

In addition and without prejudice to the relevant restrictions set out above, Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever ("**Zero Coupon Notes**") in definitive form may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or an admitted institution (*toegelaten instelling*) of Euronext Amsterdam N.V., admitted in a function on one or more markets or systems held or operated by Euronext Amsterdam N.V., in accordance with the Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended). No such mediation is required in respect of:

(a) the transfer and acceptance of Zero Coupon Notes whilst in the form of rights representing an interest in a Zero Coupon Instrument in global form;

(b) the initial issue of Zero Coupon Notes in definitive form to the first holders thereof;

(c) the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession; or

(d) the transfer and acceptance of such Zero Coupon Notes within, from or into the Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Instrument in global form) of any particular Series are issued outside the Netherlands and are not distributed into the Netherlands in the course of initial distribution or immediately thereafter.

In the event that the Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with and, in addition thereto, if such Zero Coupon Notes in definitive form do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2 March 1987 attached to the Royal Decree of 11 March 1987 as published in the Official Gazette 1987, 129, as amended from time to time, each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Notes.

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 make an offer of Notes to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive (as defined above under "Public Offer Selling Restriction under the Prospectus Directive") unless (i) such offer is made exclusively to persons or entities which are qualified investors as defined in Article 5:20(5) of the Dutch Act on financial supervision (Wet op het financieel

toezicht, the "**Wft**"), or (ii) standard exemption wording is disclosed as required by Article 5:20(5) of the Wft, provided that no such offer of Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Ireland

Each Dealer has represented and agrees that, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the Notes, or do anything in Ireland in respect of the Notes, otherwise than in conformity with the provisions of:

(a) the European Union (Markets in Financial Instruments) Regulations 2017 (as amended, the "**MiFID II Regulations**"), including, without limitation, Regulations 5 (*Requirements for Authorisation* (and certain provisions concerning MTFs and OTFs)) thereof, any rules or codes of conduct made under the MiFID II Regulations, and the provisions of the Investor Compensation Act 1998 (as amended);

(b) the Companies Act 2014 (as amended, the "**Companies Act**"), the Central Bank Acts 1942-2015 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended);

(c) the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any rules issued by the Central Bank of Ireland (the "**Central Bank**") under Section 1363 of the Companies Act;

(d) the Market Abuse Regulation (EU 596/2014) (as amended) and any rules and guidance issued by the Central Bank under Section 1370 of the Companies Act; and

(e) Notice BSD C01/02 dated 12th November, 2002 issued by the Central Bank and Financial Services Authority pursuant to Section 8(2) of the Central Bank Act 1971 (as amended).

Spain

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Notes must not be offered, distributed or sold in Spain or to Spanish Residents. No publicity of any kind shall be made in Spain.

As used herein, "**Spanish Resident**" means a tax resident of Spain for the purposes of the Spanish tax legislation and any tax treaty signed by Spain for the avoidance of double taxation, including (i) any corporation or other entity taxable as a corporation incorporated under Spanish law, whose registered office is located in Spain or whose effective management is performed in Spain and (ii) any individual who is physically present in Spanish territory for more than 183 days in the calendar year or whose main centre or base of activities or economic interests is in Spain.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", 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 otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of Directive 2016/97/EU (as amended or superseded, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Sales outside EEA only

If the Final Terms in respect of any Notes specifies "Sales outside EEA only" as "Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes are not intended to be offered, distributed or sold to any investor in the European Economic Area, and that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any investor in the European Economic Area.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not or, in the case of the Guarantor, would not if it was not an authorised person, apply to the Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Notes has not been registered with the Italian Financial Regulator (*Commissione Nazionale per le Società e la Borsa* or "**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that no Notes may be offered, sold, promoted, advertised or delivered, directly or indirectly, to the public in the Republic of Italy, nor may copies of this Base Prospectus (including the applicable Final Terms) or of any other document relating to the Notes be distributed, made available or advertised, in the Republic of Italy, except:

(i) if it is specified within the relevant Final Terms that a Non-exempt Offer may be made in the Republic of Italy, that each Dealer may offer, sell or deliver Notes or distribute copies of any prospectus relating to such Notes, provided that this Base Prospectus (including the applicable Final Terms) has been (i) approved in another Relevant Member State and notified to CONSOB and (ii) completed by final terms (if applicable) expressly contemplating such Non-Exempt Offer, in an offer of financial products to the public in the period commencing on the date of approval of such prospectus, in accordance with the Prospectus Directive, as implemented in the Republic of Italy under the Legislative Decree No. 58 of 24 February 1998, as amended, (the "**Financial Services Act**") and CONSOB Regulation No. 11971 of 14

May 1999, as amended from time to time ("**Regulation No.11971**"),until 12 months after the date of approval of such prospectus; or

(ii) to qualified investors (*investitori qualificati*), as defined in Article 100 of the Financial Services Act and Article 34-*ter*, first paragraph, letter b) of Regulation No.11971; or

(iii) in other circumstances which are exempted from the rules on public offerings as provided under the Financial Services Act and its implementing CONSOB Regulations including Regulation No.11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus (including the applicable Final Terms) or any other document relating to the Notes in the Republic of Italy under (ii) or (iii) 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. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**") and any other applicable laws and regulations;

(b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, with regard, *inter alia*, to the reporting obligations required; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or other Italian authority.

Please note that in accordance with Article 100-bis of the Financial Services Act:

Investors should also note that, in any subsequent distribution of the Notes in the Republic of Italy, Article 100-bis of the Financial Services Act may require compliance with the law relating to public offers of securities. Furthermore, where the Notes are placed solely with "qualified investors" and are then systematically ("sistematicamente") resold on the secondary market at any time in the 12 months following such placing, purchasers of Notes who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Notes were purchased, unless an exemption provided for under the Financial Services Act applies.

France

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has only made and will only make an offer of Notes to the public (*offre au public*) in France or an admission of Notes to trading on a regulated market in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* ("**AMF**") on the date of its publication, or (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the Prospectus Directive, on the date of notification of such approval to the *Autorité des marchés financiers*, and ending at the latest on the date which is 12 months after the date of approval of the prospectus, all in accordance with articles L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier* and the *Réglement général of the Autorité des marchés financiers* and when formalities required by French laws and regulations have been carried out; or

(b) it has only made and it will only make an offer of Notes to the public in France or an admission of Notes to trading on a regulated market in France in circumstances which do not require the publication by the offeror of a prospectus pursuant to the French *Code monétaire et financier* and the *Réglement général of the Autorité des marchés financiers*; and

(c) otherwise, it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Issue Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only in circumstances that do not constitute an offer to the public in France pursuant to Article L.411-2 of the French *Code monétaire et financier* and Article 211-2 of the *Règlement Général* of the AMF.

Pursuant to Article L.411-2 of the French *Code monétaire et financier* and Article 211-2 of the *Règlement Général* of the AMF, (in each case as may be amended from time to time), the circumstances in which an offer of Notes shall not constitute an offer to the public in France include, but are not limited to, an offer of Notes:

(i) addressed solely to qualified investors (*investisseurs qualifiés*), acting for their own account; and/or

(ii) addressed solely to a limited number of investors (*cercle restreint d'investisseurs*) acting for their own account; and/or

(iii) addressed solely to providers of 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

(iv) addressed to investors who acquire Notes for a total consideration of at least EUR 100,000 (or its equivalent in another currency) per investor, for each separate offer; and/or

(v) whose nominal value, nominal amount or equivalent amounts to at least EUR 100,000 (or its equivalent in another currency).

The direct or indirect resale of Notes to the public in France may be made only as provided by, and in accordance with, articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French *Code monétaire et financier*.

In addition, each of the Dealers and the Issuer have represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in France, this Base Prospectus, the relevant Issue Terms or any other offering material relating to the Notes other than to investors to whom offers and sales of Notes in France may be made as described above.

Switzerland

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required or deemed to agree, that it will comply with (i) any laws, regulations or guidelines applicable in Switzerland (as amended from time to time) in relation to the marketing, offer, sale, delivery or transfer of the Notes, or the distribution of any marketing or offering material in respect of the Notes, in or from Switzerland.

If pursuant to the applicable Final Terms a public offering in or from Switzerland is not permissible each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be deemed to represent and agree, that the Notes must not be publicly offered, sold or advertised, directly or indirectly, in or from Switzerland, and in case of structured products as per article 5 CISA, the Notes may be distributed in or from Switzerland exclusively to Qualified Investors as defined by article 10 CISA and related provisions of the Collective Investment Scheme Ordinance and in strict compliance with applicable Swiss law and regulations. If a public offering in or from Switzerland is not permissible, the Notes will not be listed on SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland and neither this document, nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus pursuant to the listing rules of SIX Swiss Exchange or any other exchange or regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such terms are defined in the CISA. In such cases neither the applicable Final Terms nor any other marketing material relating to the Notes may be distributed to non-Qualified Investors or otherwise made publicly available in Switzerland.

Portugal

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) no document, circular, advertisement or any offering material in relation to the Notes has been or will be subject to approval by the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*, the "**CMVM**");

(b) it has not, without the prior approval of the CMVM, directly or indirectly taken any action or offered, advertised, submitted to an investment gathering procedure, sold or delivered and will not, without the prior approval of the CMVM, directly or indirectly offer, advertise, submit to an investment gathering procedure, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code (*Código dos Valores Mobiliários*, the "**CVM**");

(c) it has not, directly or indirectly, distributed and will not, directly or indirectly, distribute to the public in the Republic of Portugal the Base Prospectus or any document, circular, advertisements or any offering material in relation to the Notes, without the prior approval of the CMVM; and

(d) it will comply with all applicable provisions of the CVM and any applicable CMVM regulations and all relevant Portuguese laws and regulations, in any such case that may be applicable to it in respect of any offer or sales of Notes by it in the Republic of Portugal.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it shall comply with all applicable laws and regulations in force in the Republic of Portugal and with the Prospectus Directive regarding the placement of any Notes in the Portuguese jurisdiction or to any entities which are resident in the Republic of Portugal, including the publication of a prospectus, when applicable, and that such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

Germany

The Notes have not been and will not be offered, sold or publicly promoted or advertised in the Federal Republic of Germany other than in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*), as amended, or any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities.

Sweden

For selling restrictions in respect of Sweden, please see "*Prohibition of Sales to EEA Retail Investors*" above.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been offered or sold and will not be offered, sold or delivered directly or indirectly in the Kingdom of Sweden by way of a public offering, unless in compliance with the Swedish Financial Instruments Trading Act, (SFS 1991:980 om handel med finansiella instrument).

Finland

For selling restrictions in respect of Finland, please see "*Prohibition of Sales to EEA Retail Investors*" above.

This Base Prospectus has not been filed with or approved by the Finnish Financial Supervisory Authority. The Notes may only be offered or sold in compliance with all applicable provisions of the laws of Finland and especially in compliance with the Finnish Securities Market Act (arvopaperimarkkinalaki (746/2012), as amended) and any regulation or rule made thereunder, as supplemented and amended from time to time.

Hong Kong

Each Dealer has acknowledged and agreed, and each further Dealer appointed under the Programme will be required to acknowledge and agree, that the Notes have not been authorised by the Securities and Futures Commission of 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 the Laws of Hong Kong) ("**Securities and Futures Ordinance**")) other than (a) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; 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 that Ordinance.

Taiwan

The Notes may not be sold offered or issued to Taiwan resident investors or in Taiwan unless they are made available, (i) outside Taiwan for purchase by such investors outside Taiwan so long as no solicitation or other activities take place (A) in Taiwan or (B) otherwise in violation of any applicable Taiwan law or regulation and/or (ii) in Taiwan through bank trust departments, licensed securities brokers and/or insurance company investment linked insurance policies pursuant to the Taiwan Rules Governing Offshore Structured Products under which rules the Notes have been registered in Taiwan or other applicable Taiwan law or regulation.

Republic of Korea

The Notes have not been and will not be registered with the Financial Services Commission of Korea for public offering in the Republic of Korea under the Financial Investment Services and Capital Markets Act (the "**FSCMA**"). The Notes may not be offered, sold or delivered, directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in the Republic of Korea or to any resident of the Republic of Korea except pursuant to the applicable laws and regulations of the Republic of Korea, including the FSCMA and the Foreign Exchange Transaction Law (the "**FETL**") and the decrees and regulations thereunder. The Notes may not be resold to South 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 and its subordinate decrees and regulations) in connection with the purchase of the Notes.

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 delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, any Notes in the Republic of Korea or to any resident of the Republic of Korea and will not offer, sell or deliver directly or indirectly or offer or sell to any person for re-offering or resale, directly or indirectly, any Notes in the Republic of Korea or to any resident of the Republic of Korea, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FSCMA, FETL and other relevant laws and regulations of the Republic of Korea.

Chile

The Issuer and the Notes have not been, and will not be, registered with the Chilean Commission for the Financial Market (*Comisión para el Mercado Financiero*, "**CMF**") pursuant to Law No. 18.045 (Ley de Mercado de Valores, "**Securities Market Act**"), as amended, of the Republic of Chile and, accordingly, no person shall offer or sell the notes within Chile or to, or for the account or benefit of, persons in Chile except in circumstances which have not resulted and will not result in a public offering and/or in the conduct of intermediation (*funciones de intermediación*) within the meaning of Chilean law.

The offer of any Notes pursuant to this Base Prospectus begins on the date of issuance of the relevant Final Terms. Any such offer of Notes complies with General Rule N°. 336 of the CMF. Since the Notes to which an offer relates have not been registered in the Foreign Securities Registry of the CMF, they are not subject to the supervision of such entity. As any offer of Notes pursuant to this Base Prospectus does not relate to registered securities, there is no obligation on the Issuer to deliver in Chile public information regarding the Notes. The Notes may not be publicly offered in Chile as long as they are not registered in the corresponding Securities Registry. The above paragraph has to be reproduced in Spanish in order to comply with the General Rule N°. 336. Therefore, the following paragraph is only a translation into Spanish of this paragraph's disclaimers and does not contain any additional statement.

Esta oferta comienza el día que se emitan los Final Terms. Esta oferta de valores cumple con la Norma de Carácter General 336 de la CMF. Dado que esta oferta versa sobre valores no inscritos en el Registro de Valores Extranjeros que lleva dicha Comisión, tales valores no están sujetos a la fiscalización de ésta. Como esta oferta de valores se refiere a valores no inscritos, no existe la obligación por parte de su emisor de entregar en Chile información pública respecto de dichos valores. Estos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el Registro de Valores correspondiente.

Colombia

Each Dealer has represented and agreed that the Notes have not and will not be marketed, offered, sold or distributed in Colombia or to Colombian residents except in circumstances which do not constitute a public

offer of securities in Colombia within the meaning of article 6.1.1.1.1 of Decree 2555 of 2010 as amended from time to time. The offer of the Notes is addressed to less than one hundred specifically identified investors. The material in this Base Prospectus is for the sole and exclusive use of the addressee as a determined individual/entity and cannot be understood as addressed for the use of any third party, including any of such party's shareholders, administrators or employees, or by any other third party resident in Colombia. The information contained in this Base Prospectus is provided for illustrative purposes only and no representation or warranty is made as to the accuracy or completeness of the information contained herein. Accordingly, the Notes will not be publicly offered, marketed or negotiated in Colombia through promotional or advertisement activities (as defined under Colombian law) except in compliance with the requirements of the Colombian Financial and Securities Market Regulation (Decree 2555 of 2010, Law 964 of 2005 and Organic Statute of the Financial System) as amended and restated, and decrees and regulations made thereunder. Each Dealer has acknowledged that the Notes listed in the Base Prospectus have not been registered in the National Securities and Issuer's Registry (*Registro Nacional de Valores y Emisores*) of the Colombian Financial Superintendence (*Superintendencia Financiera de Colombia*) or with any Colombian securities exchange or trading system, and therefore it is not intended for any public offer of the Notes in Colombia.

Investors acknowledge the Colombian laws and regulations (specifically foreign exchange and tax regulations) applicable to any transaction or investment consummated in connection with this Base Prospectus and represent that they are the sole liable party for full compliance with any such laws and regulations.

The investors represent that the investment in the Notes is a permitted investment for them under their corporate bylaws and/or particular investment regime that may be applicable.

Peru

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not and will not be placed, offered, sold, disposed of or distributed in Peru, except in circumstances which do not constitute a public offer of securities in Peru within the meaning of Peruvian securities laws and regulations. Accordingly, the Notes will not be the subject of a duly diffused invitation for subscription, acquisition or purchase of the Notes in Peru, pursuant to the Peruvian Securities Market Law, Supreme Decree No. 093-2002-EF, as amended and restated.

The Notes may only be offered in Peru, under private offerings, complying with the Securities Market Law and the regulations that govern the investment policy of institutional investors such as, but not restricted to, banking and other financial entities, insurance entities, private pension fund managers, open ended and close ended collective investment schemes.

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been subject to review by the Securities Market Superintendence (*Superintendencia del Mercado de Valores*, "**SMV**") and has not been registered with the Peruvian Securities Market Public Registry, therefore it is not intended for any public offer of the Notes in Peru. If the Notes were to be offered under private offerings in Peru, regulations do not impose reporting obligations with SMV, to any of the Issuer or the Dealers.

Venezuela

No public offering of Notes has been authorised by the National Securities Superintendence (*Superintendencia Nacional de Valores* -"**SNV**"). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (i) it shall not offer and/or sell Notes in Venezuela by means of a public offering, without obtaining the prior authorisation of SNV in accordance with the relevant provisions of the Securities Markets Act of 30 December 2015 (*Decreto Ley de Mercado de Valores*) and (ii) any offer has not been and will not be made available to the public, without the prior authorisation of SNV.

General

This Base Prospectus has been prepared on the basis that Notes may be directed to any category of potential investors unless specified otherwise in the applicable Final Terms. 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 and neither the Issuer, the Guarantor nor the Dealers shall have any responsibility therefor.

None of the Issuer, the Guarantor nor the Dealer(s) 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 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

IMPORTANT INFORMATION RELATING TO NON-EXEMPT OFFERS OF NOTES

Restrictions on Non-exempt offers of Notes in relevant Member States

Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a "**Non-exempt Offer**". This Base Prospectus has been prepared on a basis that permits Non-exempt Offers of Notes in each Member State in relation to which the Issuer has given its consent as specified in the applicable Final Terms (each specified Member State a "**Non-exempt Offer Jurisdiction**" and together the "**Non-Exempt Offer Jurisdictions**"). Any person making or intending to make a Non-exempt Offer of Notes on the basis of this Base Prospectus must do so only with the Issuer's consent to the use of this Base Prospectus as provided under "*Consent given in accordance with Article 3.2 of the Prospectus Directive*" and provided such person complies with the conditions attached to that consent.

Save as provided above, none of the Issuer, the Guarantor or any Dealer have authorised, nor do they authorise, the making of any Non-exempt Offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

Consent given in accordance with Article 3.2 of the Prospectus Directive

In the context of a Non-exempt Offer of such Notes, the Issuer and the Guarantor each accept responsibility, in each of the Non-exempt Offer Jurisdictions, for the content of this Base Prospectus in relation to any person (an "**Investor**") who purchases any Notes in a Non-exempt Offer made by a Dealer or an Authorised Offeror (as defined below), where that offer is made during the Offer Period specified in the applicable Final Terms and provided that the conditions attached to the giving of consent for the use of this Base Prospectus are complied with. The consent and conditions attached to it are set out under "*Consent*" and "*Conditions to Consent*" below.

None of the Issuer, the Guarantor or any Dealer makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Non-exempt Offer and none of the Issuer or the Dealers has any responsibility or liability for the actions of that Authorised Offeror.

Except in the circumstances set out in the following paragraphs, neither the Issuer nor the Guarantor has authorised the making of any Non-exempt Offer by any offeror and the Issuer has not consented to the use of this Base Prospectus by any other person in connection with any Non-exempt Offer of Notes. Any Non-exempt Offer made without the consent of the Issuer is unauthorised and none of the Issuer, the Guarantor or, for the avoidance of doubt, any Dealer accepts any responsibility or liability in relation to such offer or for the actions of the persons making any such unauthorised offer.

If, in the context of a Non-exempt Offer, an Investor is offered Notes by a person who is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Base Prospectus for the purposes of the relevant Non-exempt Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should take legal advice.

Consent

In connection with each Tranche of Notes and subject to the conditions set out below under "*Conditions to Consent*" the Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of such Notes by:

(i) the relevant Dealer(s) or Manager(s) stated in the applicable Final Terms;

(ii) any financial intermediaries specified in the applicable Final Terms; and

(iii) any other financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Guarantor's website (www.bbva.com) and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer.

The financial intermediaries referred to in paragraphs (ii) and (iii) above are together the "**Authorised Offerors**" and each an "**Authorised Offeror**".

Conditions to Consent

The conditions to the Issuer's consent to the use of this Base Prospectus in the context of the relevant Non-exempt Offer are that such consent:

(i) is only valid during the Offer Period specified in the applicable Final Terms; and

(ii) only extends (as at the date of this Base Prospectus) to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in Ireland.

The consent referred to above relates to Offer Periods (if any) occurring within 12 months from the date of this Base Prospectus.

As of the date of this Base Prospectus, the only relevant Member State which may, in respect of any Tranche of Notes, be specified in the applicable Final Terms (if any relevant Member States are so specified) as indicated in (ii) above, will be Ireland, and accordingly each Tranche of Notes may only be offered to Investors as part of a Non-exempt Offer in Ireland, as specified in the applicable Final Terms, or otherwise in circumstances in which no obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS

AN INVESTOR INTENDING TO PURCHASE OR PURCHASING ANY NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE NON-EXEMPT OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE RELEVANT INFORMATION WILL BE PROVIDED BY THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER. NONE OF THE ISSUER, THE GUARANTOR OR, FOR THE AVOIDANCE OF DOUBT, ANY DEALER HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF THE INFORMATION DESCRIBED ABOVE.

Non-Exempt Offers: Issue Price and Offer Price

Notes to be offered pursuant to a Non-Exempt Offer will be issued by the Issuer at the Issue Price specified in the applicable Final Terms. The Issue Price will be determined by the Issuer in consultation with the relevant Dealer at the time of the relevant Non-Exempt Offer and will depend, amongst other things, on prevailing market conditions at that time. The offer price at which the Authorised Offeror will offer such Notes to the Investor will be the Issue Price or (where agreed with the relevant Dealer) such other price as may be agreed between an Investor and the Authorised Offeror making the offer of the Notes to such Investor. Neither the Issuer nor the Guarantor will be party to arrangements between an Investor and an Authorised Offeror, and the Investor will need to look to the relevant Authorised Offeror to confirm the price at which such Authorised Offeror is offering the Notes to such Investor.

GENERAL INFORMATION

1. Authorisation

The establishment and update of the Programme and the issue of Notes have been duly authorised by resolutions of the sole shareholder of the Issuer and of the Directors of the Issuer dated 10 November 2009, 23 November 2010, 30 November 2011, 21 June 2012, 8 July 2013, 9 July 2014, 8 July 2015, 15 July 2016, 21 July 2017 and on or around 17 June 2019. The giving of the Guarantee has been duly authorised by a resolution of the Board of Directors of the Guarantor dated on or around 17 June 2019.

2. Listing of Notes

Application has been made to Euronext Dublin for the Notes issued under the Programme during the period of twelve months after the date of this Base Prospectus to be admitted to the Official List and trading on its regulated market. At the date of filing of the Base Prospectus, the Issuer has securities of the same class as the Notes to be issued under the Programme listed on the regulated market of AIAF.

This Base Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive. The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

It is expected that each Tranche of Notes which is to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU, as amended (the Markets in Financial Instruments Directive) will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche the relevant documentation in relation to Book-Entry Note being in place.

3. Documents Available

For so long as any Notes remain outstanding and listed on Euronext Dublin, copies of the following documents will, when published, be available in physical format for inspection at the registered office of the Issuer or the Guarantor and from the specified office of the Principal Paying Agent for the time being in London:

(a) the Deed of Incorporation including the articles of association of the Issuer and the bylaws (with an English translation thereof) of the Issuer and the Guarantor;

(b) the audited financial statements of the Issuer for the financial years ended 31 December 2018 and 31 December 2017;

(c) the unaudited consolidated interim financial statements of the Guarantor for the three month period ending 31 March 2019, the audited consolidated financial statements in respect of the financial years ended on 31 December 2018 (which includes for comparison purposes financial data for the years ended on 31 December 2017 and on 31 December 2016) and 31 December 2017, with an English translation thereof, together with the audit report prepared in connection therewith;

(d) the most recently published audited annual financial statements of the Issuer (if any) and the Guarantor and the most recently published condensed interim consolidated financial statements (if any) of the Issuer and the Guarantor (in each case with an English translation thereof), in each case together with any audit or review reports prepared in connection therewith. The Issuer does not prepare unaudited interim accounts and Guarantor currently prepares unaudited condensed interim consolidated financial statements on a quarterly basis and audited (under auditing standards generally accepted in Spain) consolidated interim reports on a semi-annual basis;

(e) the Programme Agreement, the Agency Agreement, the Guarantee, the Deed of Covenant, the Deed Poll and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;

(f) a copy of this Base Prospectus; and

(g) any future base prospectus, prospectuses, information memoranda and supplements, including Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference.

4. Clearing Systems

The Book-Entry Notes to be listed into a Spanish regulated market will be accepted for clearance through Iberclear. The appropriate ISIN for each Tranche of Notes allocated by Iberclear will be specified in the applicable Final Terms.

The address of Iberclear is Plaza de la Lealtad, nº 1, 28014 Madrid, Spain.

The Notes may be accepted for clearance through Euroclear and Clearstream, Luxembourg (which are in charge of keeping the records). The appropriate common code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the Final Terms. In addition, application may be made for any Registered Notes to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of such Registered Notes, together with the relevant ISIN and (if applicable) common code, will be specified in the Final Terms. If Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the Final Terms. The address of CREST is Euroclear UK & Ireland Limited, 33 Cannon Street, London, EC4M 5SB.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II B-120 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JK Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

The Notes may be accepted for clearance through Euroclear and Clearstream, Luxembourg (which are entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855, Luxembourg Iberclear.

If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

5. 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.

6. Yield

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the Issue Price and on the assumption that the Notes are not subject to early redemption or cancellation or, if applicable, no Credit Event occurs. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

7. Significant or Material Change

There has been no material adverse change in the prospects of the Group since 31 December 2018 and there has been no material adverse change in the prospects of the Issuer since 31 December 2018.

There has been no significant change in the financial position of the Group since 31 March 2019 and there has been no significant change in the financial or trading position of the Issuer since 31 December 2018.

8. Litigation

There are no, and have not been, any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, the Guarantor or the Group.

9. Auditors

KPMG Accountants, N.V., Laan van Langerhuize 1, 1186 DS Amstelveen, the Netherlands audited the Issuer's account for the financial year ended on 31 December 2017 and 31 December 2018. The auditors of the Issuer are Chartered Accountants and a member of the Royal Netherlands Institute of Chartered Accountants (Koninklijke Nederlandse Beroepsorganisatie van Accountants).

KPMG Auditores, S.L. (registered as auditors on the *Registro Oficial de Auditores de Cuentas*), Paseo de la Castellana, 259 C, 28046 Madrid, Spain audited the Guarantor's accounts, for the financial year ended on 31 December 2017 and on 31 December 2018 (which includes for comparison purposes financial data for the years ended on 31 December 2016 and 2015 and on 31 December 2016 and 2017, respectively) prepared in accordance with EU-IFRS required to be applied under the Bank of Spain's Circular 4/2004 and in compliance with IFRS-IASB.

10. Post–issuance information

Save as set out in the Final Terms, the Issuer does not intend to provide and post-issuance information in relation to any issues of Notes.

11. Dealer transacting with the Issuer and the Guarantor

The Issuer, the Dealer and the Guarantor are part of the same group. Accordingly, these entities engage, and will engage, in investment banking and/or commercial banking transactions with, and perform other services for, the Group in the ordinary course of business.

12. Credit Ratings

The Programme is rated A- by Standard & Poor's Credit Market Services Europe Limited ("**S&P Global**") and A3 by Moody's Investors Services España, S.A. ("**Moody's**"). The Guarantor has been rated A- by S&P Global, A3 by Moody's and A- by Fitch Ratings España, S.A.U. ("**Fitch**"). The Issuer has been rated A- by S&P Global. Each of S&P Global, Moody's and Fitch is established in the European Union and is registered under the CRA Regulation. As such, each of S&P Global, Moody's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with such CRA Regulation. Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. 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.

The Credit Ratings stated above have the following meanings according to the relevant rating agencies:

S&P Global

An obligor rated "A" has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.

An S&P Global negative outlook means that a rating may be lowered.

Moody's

Obligations rated "A" are considered upper-medium-grade and are subject to low credit risk.

Fitch

"A" ratings denote expectations of low credit 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.

13. Important information

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

Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**" and, together with Euroclear, the "**European Clearing Systems**") have arranged certain procedures to facilitate the Issuer, the Guarantor and the Principal Paying Agent (as defined on page 102) in the collection of the details referred to under "*Spanish Tax Rules*" from holders of the Notes. If any European Clearing System is, in the future, unable to facilitate the collection of such information, it may decline to allow any or all Series of the Notes to be cleared through such European Clearing System and this may affect the liquidity of such Notes. Provisions have been made for the Notes, in such a case, to be represented by definitive Notes (see "*Form of Notes*"). The procedures agreed and described in the Amended and Restated Agency Agreement dated 18 June 2019 (the "**Agency Agreement**") may, in the future, be amended to comply with Spanish tax law and regulations and operational procedures of the European Clearing Systems. The Guarantor and the Issuer may from time to time, at their discretion, appoint an agent to intermediate with the European Clearing Systems in the provision of such information. Details of any such appointment will be set out in the Final Terms.

In the case of any Notes which are held in The Depository Trust Company ("**DTC**"), the Issuer and the Guarantor may agree procedures with DTC and, if necessary, an intermediary agent appointed by the Issuer and the Guarantor to facilitate the collection of such details. Any such procedures will be summarised in the Final Terms and otherwise made available to holders of the relevant Notes as described in the Final Terms.

14. Presentation of financial information

Accounting principles

Under Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, all companies governed by the law of an EU Member State and whose securities are admitted to trading on a regulated market of any Member State must prepare their consolidated financial statements for the years beginning on or after 1 January 2005 in conformity with International Financial Reporting Standards adopted by the European Union ("**EU-IFRS**"). The Bank of Spain issued Circular 4/2004 of 22 December 2004 on Public and Confidential Financial Reporting Rules and Formats (as amended or supplemented from time to time, "**Circular 4/2004**"), which requires Spanish credit institutions to adapt their accounting system to the principles derived from the adoption by the European Union of EU-IFRS.

BBVA's consolidated financial statements as at and for each of the years ending 31 December 2018, 31 December 2017, 31 December 2016, 31 December 2015 and 31 December 2014 (the "**Consolidated Financial Statements**"), have been prepared in accordance with EU-IFRS reflecting Circular 4/2004 and any other legislation governing financial reporting applicable to the Group and in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board ("**IFRS-IASB**").

- "**EUR**", "**euro**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended;
- "**US dollars**", "**US$**" and "**$**" refer to United States dollars; and
- "**GBP**" and "**£**" refer to pounds sterling.

Financial information

The following principles should be noted in reviewing the financial information contained in this Base Prospectus:

- Unless otherwise stated, any reference to loans refers to both loans and leases.
- Interest income figures include interest income on non-accruing loans to the extent that cash payments have been received in the period in which they are due.
- Financial information with respect to subsidiaries may not reflect consolidation adjustments.

- Certain numerical information in this Base Prospectus may not sum due to rounding. In addition, information regarding period-to-period changes is based on numbers which have not been rounded.

ISSUER

BBVA Global Markets B.V.

Calle Sacuceda

Edificio Asia

28050 Madrid

Spain

GUARANTOR

Banco Bilbao Vizcaya Argentaria, S.A.

Plaza de San Nicolas, 4

48005 Bilbao

Spain

DEALERS

Banco Bilbao Vizcaya Argentaria, S.A.

Calle Azul, 4

28050, Madrid

Spain

BBVA Securities Inc.

1345 Avenue of the Americas

44th Floor, New York,

NY 10105-0302,

United States

PRINCIPAL PAYING AGENT

Deutsche Bank AG, London Branch

Winchester House, 1 Great Winchester Street

London EC2N 2DB

United Kingdom

CALCULATION AGENT AND DELIVERY AGENT

Banco Bilbao Vizcaya Argentaria, S.A.

Calle Azul, 4

28050 Madrid

Spain

NEW YORK REGISTRAR, EXCHANGE AGENT AND TRANSFER AGENT

Deutsche Bank Trust Company Americas

LUXEMBOURG REGISTRAR AND TRANSFER AGENT

Deutsche Bank Luxembourg S.A.

60 Wall Street
New York
New York 10005
United States

2 Boulevard Konrad Adenauer
L-1115 Grand Duchy of Luxembourg

LEGAL ADVISERS TO THE ISSUER

AS TO ENGLISH LAW

Simmons & Simmons LLP

CityPoint

One Ropemaker Street

London EC2Y 9SS

United Kingdom

LEGAL ADVISERS TO THE ISSUER

AS TO SPANISH LAW

Simmons & Simmons LLP

Calle Miguel Angel 11

5th Floor

28010 Madrid

Spain