



NATIONAL BANK OF ABU DHABI P.J.S.C.

(incorporated with limited liability in Abu Dhabi, the United Arab Emirates)

U.S.\$ 2,000,000,000 Structured Note Programme

Under the Structured Note Programme described in this Offering Memorandum (the "**Programme**"), National Bank of Abu Dhabi P.J.S.C. (the "**Issuer**" or the "**Bank**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.\$ 2,000,000,000 (or the equivalent in other currencies) at the date of issue.

This offering memorandum (the "**Offering Memorandum**") has not been approved as a prospectus for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). This Offering Memorandum has been approved by the Irish Stock Exchange Limited (the "**Irish Stock Exchange**"). Application has been made to the Irish Stock Exchange for the Notes issued under the Programme to be admitted to the Irish Stock Exchange's Official List and trading on its Global Exchange Market for a period of 12 months from the date of this Offering Memorandum. This Offering Memorandum constitutes a "Listing Particulars" for the purposes of the admission of the Notes to the Irish Stock Exchange's Official List and to trading on its Global Exchange Market and does not constitute a "prospectus" for the purposes of the Prospectus Directive. The Irish Stock Exchange's Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**"). Investors should note that Notes to be admitted to the Irish Stock Exchange's Official List and to trading on its Global Exchange Market will, because of their nature, normally be bought and traded by a limited number of investors who are particularly knowledgeable in investment matters.

Under the Programme, Notes may be unlisted or listed on such other or further stock exchange(s) as may be specified in the Pricing Supplement, *provided that* such stock exchange does not constitute a regulated market for the purposes of MiFID. This Offering Memorandum has not been approved as a "prospectus" for the purposes of the Prospectus Directive and, accordingly, no offer to the public may be made and no admission to trading may be applied for on any market in the European Economic Area designated as a regulated market, in each case for the purposes of the Prospectus Directive.

Each Series (as defined in "**Overview of the Programme**") of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "**temporary Global Note**") or a permanent global note in bearer form (each a "**permanent Global Note**"). Notes in registered form will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Global Notes and Certificates may be deposited on the issue date with a common depository on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "*Summary of Provisions Relating to the Notes While in Global Form*".

This Offering Memorandum must be read as a whole and together also with the relevant pricing supplement (the "**Pricing Supplement**"). Any terms and conditions not contained herein which are applicable to each Tranche (as defined in the Conditions) of Notes will be set out in the applicable Pricing Supplement which, with respect to Notes to be admitted to the Irish Stock Exchange's Official List and to trading on its Global Exchange Market, will be delivered to the Irish Stock Exchange on or before the date of issue of the Notes of such Tranche.

An investment in the Notes entails certain risks, which vary depending on the specification and type or structure of the Notes.

Each potential investor should determine whether an investment in the Notes is appropriate in its particular circumstances. An investment in the Notes requires a thorough understanding of the nature of the relevant transaction. Potential investors should be experienced with respect to an investment in the Notes and be aware of the related risks.

An investment in the Notes is only suitable for potential investors who:

- (i) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Notes and the information contained or incorporated by reference in this Offering Memorandum or any applicable supplement and all the information contained in the applicable Pricing Supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of the potential investor's particular financial situation and to evaluate the impact the Notes will have on their overall investment portfolio;
- (iii) understand thoroughly (either alone or with the help of a financial and legal adviser) the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets and how the performance thereof over all possible scenarios will affect the return on the Notes;
- (iv) are capable of bearing the economic risk of an investment in the Notes until the maturity date of the Notes;
- (v) recognise that it may not be possible to dispose of the Notes for a substantial period of time, if at all before the maturity date; and
- (vi) be able to evaluate (either alone or with the help of a financial and legal adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as standalone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial and legal adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio. The Issuer and the Arranger disclaim any responsibility to advise prospective investors of any matters arising under the law of the country in which they reside that may affect the purchase of, or holding of, or the receipt of payments or deliveries on the Notes.

Investing in the Notes involves risks. Prospective investors should consider carefully the risks set forth herein under "Risk Factors" beginning on page 6 of this Offering Memorandum prior to making an investment decision with respect to the Notes. If prospective investors are in any doubt about the risks or suitability of a particular Note, they should seek professional advice.

Arranger

National Bank of Abu Dhabi P.J.S.C.

IMPORTANT NOTICES

Credit Ratings

Tranches of Notes may be rated or unrated. Such rating will be specified the relevant Pricing Supplement. Whether or not each credit rating applied for in relation to relevant Tranches of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") will be disclosed in the relevant Pricing Supplement. A 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. Please also refer to "*Risks related to the market generally – Credit ratings may not reflect all risks*" in the Risk Factors section of this Offering Memorandum.

The ratings for the Issuer's senior debt, as noted in the section headed "National Bank of Abu Dhabi P.J.S.C." below, have been provided by Fitch Ratings Limited ("**Fitch**"), Moody's Investors Services Ltd ("**Moody's**") and Standard & Poor's Credit Market Services Europe Limited ("**S&P**").

Fitch, Moody's and S&P are established in the European Union and are registered under the CRA Regulation.

Responsibility Statement

The Issuer accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer does not intend to provide post-issuance information.

Information sourced from third parties

Certain information under the headings "*Risk Factors*", "*Summary of Provisions Relating to the Notes While in Global Form*", "*Overview of the UAE and Abu Dhabi*" and "*The United Arab Emirates Banking Sector and Regulations*" has been extracted from information provided by the Hong Kong Monetary Authority (in the case of "*Risk Factors*"), the Organisation of the Petroleum Exporting Countries (in the case of "*Risk Factors*" and "*Overview of the UAE and Abu Dhabi*"), Moody's Investors Service Singapore Pte. Ltd., Fitch, S&P, publications of the UAE and Abu Dhabi governments, including the Statistics Centre of Abu Dhabi ("**SCAD**"), the UAE National Bureau of Statistics and the International Monetary Fund (the "**IMF**") (in the case of "*Overview of the UAE and Abu Dhabi*"), the Central Bank of the UAE (the "**UAE Central Bank**") and the IMF (in the case of "*The United Arab Emirates Banking Sector and Regulations*") and the clearing systems referred to therein (in the case of "*Summary of Provisions Relating to the Notes While in Global Form*"). 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 the relevant sources referred to, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Important Information relating to the use of this Offering Memorandum

No person has been authorised to give any information or to make any representation other than those contained in this Offering Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, or the Dealer (as defined in "*Overview of the Programme*"). Neither the delivery of this Offering Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or any of its subsidiaries (each a "**Subsidiary**" and taken together with the Issuer, the "**Group**") since the date hereof or the date upon which this Offering Memorandum has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which this Offering Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Memorandum and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Memorandum comes are required by the Issuer to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Memorandum, see "*Subscription and Sale*".

This Offering Memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuer to subscribe for, or purchase, any Notes.

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 ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC, 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. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPS Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the 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.

Dealers and the contents of this Offering Memorandum

No Dealer has separately verified the information contained in this Offering Memorandum. No Dealer makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Memorandum. Neither this Offering Memorandum nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer that any recipient of this Offering Memorandum or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Memorandum and its purchase of Notes should be based upon such investigation as it deems necessary. No Dealer undertakes to advise any investor or potential investor in the Notes of any information coming to the attention of such Dealer.

Independent Investigation

An investment in the Notes entails certain risks, which vary according to the specification, type and structure of the Notes.

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Memorandum or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

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

The Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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

Interpretation

All references in this document to "**U.S. dollars**", "**U.S.\$**" and "**\$**" refer to United States dollars, all references to "**Renminbi**", "**RMB**" or "**CNY**" are to the lawful currency of the People's Republic of China ("**PRC**") (which, for the purposes of this Offering Memorandum, excludes the Hong Kong Special Administrative Region of the PRC ("**Hong Kong**"), the Macau Special Administrative Region of the PRC ("**Macau**") and Taiwan), to "**dirham**" and "**AED**" refer to United Arab Emirates dirham to "**euro**" and "**€**" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended, to "**Malaysian ringgit**" and "**MYR**" refer to Malaysian ringgit, the lawful currency of Malaysia, to "**Australian dollar**" and "**AUD**" refer to Australian dollars, the lawful currency of the Commonwealth of Australia and to "**Japanese yen**" and "**JPY**" refer to Japanese yen, the lawful currency of Japan. The exchange rate between the AED and the United States dollar has been fixed since 22 November 1980 at U.S.\$1.00 = AED 3.6725. Such translation should not be construed as representing that United Arab Emirates dirham amounts have been or could have been converted into United States dollars at this or any other rate of exchange. All references to "**UAE**" are to the United Arab Emirates. Certain amounts (including percentages) included in this Offering Memorandum may have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures to which they relate.

NOTICE TO BAHRAIN RESIDENTS

In relation to investors in the Kingdom of Bahrain, Notes issued in connection with this Offering Memorandum and related offering documents may only be offered in registered form to existing accountholders and accredited investors as defined by the Central Bank of Bahrain ("CBB") in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.\$100,000 or any equivalent amount in another currency or such other amount as the CBB may determine.

This Offering Memorandum does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Offering Memorandum and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Offering Memorandum or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered the Offering Memorandum or related offering documents and it has not in any way considered the merits of the Notes to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Offering Memorandum and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Offering Memorandum. No offer of Notes will be made to the public in the Kingdom of Bahrain and this Offering Memorandum must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

KINGDOM OF SAUDI ARABIA NOTICE

This Offering Memorandum may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "Capital Market Authority").

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Offering Memorandum, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Offering Memorandum. Prospective purchasers of Notes issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Notes. If a prospective purchaser does not understand the contents of this Offering Memorandum, he or she should consult an authorised financial adviser.

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OVERVIEW OF THE PROGRAMME

The following overview is qualified in its entirety by the remainder of this Offering Memorandum.

- Issuer:** National Bank of Abu Dhabi P.J.S.C.
- The Issuer was incorporated on 13 February 1968 with limited liability and is registered as a public joint stock company in accordance with the UAE Commercial Companies Law No. (8) of 1984 (as amended). The Issuer's shares are listed on the Abu Dhabi Securities Exchange. The Government of Abu Dhabi, via the Abu Dhabi Investment Council, holds 69.89 per cent. of the Issuer's outstanding share capital.
- The Issuer operates in the UAE under a banking licence granted for an indefinite period of time by the UAE Central Bank. Its registered office address is P.O. Box 4, Abu Dhabi, United Arab Emirates (telephone number: +9712 6111111).
- The Issuer is one of the primary bankers to the Government of Abu Dhabi and public sector companies in the emirate. It is a leading corporate bank and has retail banking, investment banking, stockbroking and treasury operations. It has a large international presence, with 48 international branches, cash offices, subsidiaries and representative offices as at the date of this Offering Memorandum.
- The Issuer is organised into three distinct business divisions, which form the basis of the primary segment reporting information in the Issuer's consolidated annual financial statements. These business divisions are: (i) Global Wholesale; (ii) Global Retail and Commercial; and (iii) Global Wealth.
- Description:** Structured Note Programme.
- Size:** Up to U.S.\$ 2,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
- Dealer:** The Issuer may from time to time appoint one or more dealers in respect of one or more Tranches of Notes of a Series.
- Fiscal Agent and Paying Agent:** The Bank of New York Mellon, London Branch
- Calculation Agent:** National Bank of Abu Dhabi P.J.S.C
- Registrar:** The Bank of New York Mellon (Luxembourg) S.A.
- Method of Issue:** The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the amount and date of the first payment of interest thereon (if any) and the date from which interest starts to accrue), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest (if any) and nominal amount of the Tranche, will be identical

to the terms of other Tranches of the same Series) will be completed in the Pricing Supplement.

- Issue Price:** Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
- Form of Notes:** The Notes may be issued in bearer form only ("**Bearer Notes**"), in bearer form exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") or in registered form only ("**Registered Notes**"). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "*Overview of the Programme – Selling Restrictions*"), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as "**Global Certificates**".
- Clearing Systems:** Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent, any relevant Dealer and, where relevant, the Registrar.
- Initial Delivery of Notes:** On or before the issue date for each Tranche, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Certificate representing Registered Notes may be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and any relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
- Currencies:** Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and any relevant Dealers.
- Maturities:** Subject to compliance with all relevant laws, regulations and directives, any maturity of at least one month.
- Denomination:** Subject to compliance with all relevant laws, regulations and directives, Notes will be in such denominations as may be specified in the Pricing Supplement, save that in the case of any Notes which are offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

Interest:	Interest periods, rates of interest and the terms of and/or amounts payable on any interest payment date may differ depending on the Notes being issued, in each case as specified in the applicable Pricing Supplement.
Redemption:	Notes may be redeemed at par or at such other redemption amount (detailed in a formula or otherwise) or by delivery of securities or other instruments, as specified in the applicable Pricing Supplement.
Optional Redemption:	The Pricing Supplement, issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, see " <i>Terms and Conditions of the Notes – Status of the Notes</i> ".
Early Redemption:	Early Redemption will be permitted for taxation reasons but will otherwise be permitted only to the extent specified in the applicable Pricing Supplement or as may be required in the event of a default by the Issuer. If the Notes are to be redeemed early for any reason, the amount payable by the Issuer may be less than the amount that would have been paid had the Notes been redeemed at scheduled maturity. In the event of default by the Issuer, the investor would have an unsecured claim against the Issuer.
Structured Notes:	Notes may not be ordinary debt securities and amounts payable on the Notes of a Series may be linked to the performance of, among other things, one or more interest rates, changes in the prices of one or more shares or other securities, one or more indices, movements in currency exchange rates and/or to the credit of one or more entities (each a " Relevant Underlying " with respect to the relevant Series of Notes). The return on such Notes may be influenced by unpredictable factors, including the value of the Relevant Underlying, market prices, market volatility, interest rates, currency exchange rates, inflation rates, the remaining period to maturity of the Notes and other economic, financial, environmental, legal, regulatory, social and political factors which may be outside of the Issuer's control, and if the Relevant Underlying is associated with an emerging market, the impact of such factors will be increased. Such factors may result in the loss of all or a part of amounts invested in the Notes and/or the return on the Notes being less than anticipated at the time of investment. An investment in Notes linked to a Relevant Underlying will carry risks similar to the risks of a direct investment in such Relevant Underlying. However investors will have no legal or beneficial ownership in such Relevant Underlying.
Credit Risk:	An investment in the Notes carries the risk that the Issuer is not able to fulfil its obligations in respect of such Notes.
Secondary Market:	An investment in the Notes may be illiquid and investors should be prepared to hold Notes to scheduled maturity as there may be no secondary market for the Notes.

Conflicts of Interest:	Investors should be aware of potential conflicts of interest with the Calculation Agent.
Withholding Tax:	The Issuer will not be obliged to gross up any payment in respect of the Notes and all payments made by the Issuer in respect of the Notes shall be made subject to any tax, duty, withholding or other payments which may be required to be made, paid, withheld or deducted as described in " <i>Terms and Conditions of the Notes – Taxation</i> ".
Governing Law:	English law.
Listing:	Application has been made to admit Notes issued under the Programme to the Irish Stock Exchange's Official List and to trading on its Global Exchange Market.
Ratings:	Tranches of Notes may be rated or unrated. Such rating will be specified in the Pricing Supplement. A 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.
Selling Restrictions:	United States, Public Offer selling restriction under the Prospectus Directive (in respect of Notes having a denomination of less than €100,000 (or its equivalent in any other currency as at the date of issue of the Notes)), United Kingdom, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, Hong Kong, the People's Republic of China (excluding Hong Kong, Macau and Taiwan), Japan, the Republic of Ireland, the Republic of Korea, Taiwan, France, Belgium, Switzerland, Lichtenstein, the Grand-Duchy of Luxembourg and Singapore. See " <i>Subscription and Sale</i> ". Category 2 selling restrictions will apply for the purposes of Regulation S under the Securities Act. The Notes will be issued in compliance with U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(D) (or any substantially identical successor U.S. Treasury regulation section including, without limitation, substantially identical successor regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the " D Rules ") unless (i) the Pricing Supplement, states that Notes are issued in compliance with U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(C) (or any substantially identical successor U.S. Treasury regulation section including, without limitation, substantially identical successor regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the " C Rules ") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 (" TEFRA "), which circumstances will be referred to in the Pricing Supplement, as a transaction to which TEFRA is not

applicable.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer's inability to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Memorandum (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.

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

The Group's financial performance is affected by general economic conditions

In the course of its business, the Issuer is exposed to a wide variety of risks, the most significant of which are market risks, liquidity risks and credit risks. Adverse changes in global macro-economic conditions, or arising from systemic risks in the financial systems, could affect the recovery and value of the Group's assets and require an increase in the Group's provisions. The Group uses different hedging strategies to minimise risk, including securities, collateral and insurance that reduce the credit risk level to be within the Group's strategy and risk appetite. However, there can be no guarantee that such measures will eliminate or reduce such risks.

Market risks

The Issuer's business exposes it to market risks, which is the potential for adverse changes in the market value of portfolio and positions due to fluctuations in interest rates, exchange rates, equity prices, commodity prices, as well as in their correlation and implied volatility.

The Issuer, in common with other financial institutions, is susceptible to changes in the macro-economic environment and the performance of financial markets generally. The 2008 global financial crisis had a significant adverse effect on the economies of the Gulf Cooperation Council (the "GCC") including the UAE, and resulted in a slowdown of growth rates, particularly in the real estate, construction and financial institutions sectors.

As at the date of this Offering Memorandum, global debt and equity markets have again been adversely impacted by the ongoing volatility in the macro-economic climate. The prevailing low international prices for hydrocarbon products have had a significant adverse effect on the oil-revenue dependent GCC economies, resulting in reduced fiscal budgets and public spending plans for 2016 and 2017, together with increased budgetary deficits across the GCC (in the UAE, the International Monetary Fund (the "IMF") expected the federal budget deficit for 2016 to run to approximately 2.4 per cent. of GDP).

As at the date of this Offering Memorandum, the prevailing unstable macroeconomic climate has prompted reduced fiscal budgets and public spending plans for 2017 in the UAE and across the GCC economies, with particular concerns around the ongoing impact of the volatility of global crude oil prices, the effects of the economic downturn in emerging markets generally, and the People's Republic of China (the "PRC") in particular, and the broader impact this has had on global debt and equity markets, and the current instability of interest rates across global markets (including the decision of the U.S. Federal Reserve in December 2015 to raise interest rates for the first time since 2006 and the uncertainty around the broader impact of the decision of the Bank of Japan to introduce negative interest rates in January 2016). Additionally, the pressures faced by regional oil producing countries in response to the ongoing oil crisis to remove the foreign exchange "peg" of their domestic currencies to the U.S. dollar poses systemic risks to the banking systems in the GCC. The weak economic environment, together with the anticipated reduction in Governmental spending and the likely impact on the level of economic activity in the UAE is expected to continue to have an adverse effect on the Issuer's financial results.

Further, and in response to the ongoing oil crisis, certain regional oil producing countries that have traditionally "pegged" their domestic currencies to the U.S. dollar have faced pressure to remove these foreign exchange "pegs". As at the date of this Offering Memorandum, each of Kazakhstan and Azerbaijan have chosen to unwind the U.S. dollar peg of their domestic currencies. While the likelihood of the GCC states pursuing a similar course of action is unclear (the Central Bank of the UAE (the "**UAE Central Bank**") has, as recently as September 2015, re-iterated its intention to retain the UAE dirham peg against the U.S. dollar), there remains a risk that any such future de-pegging by the GCC states (in the event that the current challenging market conditions persist for a prolonged period) would pose a systemic risk to the regional banking systems by virtue of the inevitable de-valuation of any such de-pegged currency against the U.S. dollar and the impact this would have on the open cross-currency positions held by regional banks, including the Issuer.

The performance of global financial markets has also been affected by the hostile economic environment, with international equity markets being particularly impacted by the economic slowdown in emerging markets generally and volatility in the Chinese economy in particular, where economic growth slowed during 2015 to 6.9 per cent. of real GDP, representing a 25-year low. During August 2015, the Shanghai composite index lost 16 per cent. of its value over a two-day period, with European and U.S. equity markets also affected. The impact was also felt in the UAE with each of the ADX General Index and the Dubai Financial Market index falling by 5 per cent. and 16 per cent., respectively, between 31 December 2014 and 31 December 2015. However, as of 1 August 2016, volatility affecting each of the ADX General Index and the Dubai Financial Market index has generally stabilised with both indices trading at a higher value than as at 31 December 2015.

These extremely volatile market conditions have resulted in reduced liquidity, widening of credit spreads and lack of price transparency in credit and capital markets. The adverse market conditions have impacted investment markets both globally and in the UAE, with increased volatility in interest rates and exchange rates. The decision of the U.S. Federal Reserve System to raise interest rates in December 2015 for the first time since 2006 (with a further rate rise occurring in December 2016) will likely further exacerbate the reduced liquidity and, if the pace of U.S. interest rate movements develops as expected, will adversely impact the Issuer's net profit margins and borrowing costs. The business, results of operations, financial condition and prospects of the Issuer have been affected by these trends and may be further affected by a continuation of the general unfavourable economic conditions in the other countries of the GCC and emerging markets generally as well as by United States, European and international trading market conditions and/or related factors.

Whilst the Issuer believes that it has implemented the appropriate policies, systems and processes to control and mitigate these risks (please see "*National Bank of Abu Dhabi P.J.S.C. – Risk Management*"), investors should note that a worsening of current financial market conditions could lead to further decreases in investor and consumer confidence, further market volatility and decline, further economic disruption and, as a result, could have an adverse effect on the business, results of operations, financial condition and prospects of the Issuer irrespective of steps currently taken to adequately control these risks.

Liquidity risk may impair the Issuer's ability to fund its business and make timely payments on the Notes

Liquidity risk is the risk that the Issuer does not have sufficient funds available at all times to meet its contractual and contingent cash flow obligations. The Issuer seeks to manage its liquidity risk by holding a stock of highly liquid assets which can be readily realised for cash and by focusing on the liquidity profile of its assets and liabilities. However, the Issuer's liquidity may be adversely affected by a number of factors, including significant unforeseen changes in interest rates, ratings downgrades, higher than anticipated losses on investments and disruptions in the financial markets generally.

An inability on the Issuer's part to access funds or to access the markets from which it raises funds may put the Issuer's positions in liquid assets at risk and lead it to be unable to finance operations adequately. A dislocated credit environment compounds the risk that the Issuer will not be able to access funds at favourable rates. These and other factors could also lead creditors to form a negative view of the Issuer's liquidity, which could result in less favourable credit ratings, higher borrowing costs and less accessible funds. In addition, because the Issuer receives a significant portion of its funding from deposits, the Issuer is subject to the risk that depositors could withdraw their funds at a rate faster than the rate at which borrowers repay their loans, thus causing liquidity strain.

In addition, there are always some timing differences between cash payments the Issuer owes on the Issuer's liabilities and the cash payments due to it on its investments. The Issuer's ability to overcome these cash mismatches and make timely payments on Notes issued under the Programme may be adversely affected if the fixed income markets were to experience significant liquidity problems. Also, under certain market conditions, the Issuer could be unable to sell its portfolio investments in sufficient amounts to raise the cash required to pay amounts in respect of such Notes when due.

Furthermore, in circumstances where the Issuer's competitors have ongoing limitations on their access to other sources of funding such as wholesale market derived funding, this also may adversely affect the Issuer's access to funds and the Issuer's cost of funding.

All of the abovementioned factors relating to liquidity risk could have an adverse effect on the Issuer's business, financial condition, results of operations or prospects.

Credit risks

Credit is the risk that a customer or counterparty will fail to meet a commitment, thereby resulting in financial loss to the Issuer. Credit risks could arise from a deterioration in the credit quality of specific counterparties, from a general deterioration in local or global economic conditions or from systemic risks with the financial systems, all of which could affect the recoverability and value of the assets of the Issuer and which could cause an increase in the provisions for the impairment of its assets and other credit exposures.

As mentioned above under "*Market risks*", the UAE economy was negatively impacted by the global economic downturn, which affected some of the UAE's key economic sectors including trade, tourism, real estate and commerce. As a result of these adverse market conditions, certain of the customers to which the Issuer directly extends credit and counterparties of the Issuer experienced decreased revenues, financial losses, insolvency, difficulty in obtaining access to financing, increased funding costs and problems servicing their debt obligations or other expenses as they become due. Although the Issuer did experience improving credit quality ratios in recent years, the current liquidity conditions in the UAE and uncertainty in the global markets could have a material adverse effect on its financial condition and results of operations.

Operational risks

Operational risks and losses can result from fraud, error by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, the failure of internal systems, equipment and external systems and occurrence of natural disasters. Although the Issuer has implemented risk controls and loss mitigation strategies and substantial resources are devoted to developing efficient procedures, it is not possible to eliminate any of the operational risks entirely, which could have a material adverse effect on its financial condition and results of operations.

This risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with securities: (i) admitted to the Official List and its obligations as a supervised firm regulated by the UKLA; and/or (ii) admitted to trading on the London Stock Exchange.

Non-Performing loans

As at 31 December 2016, the Issuer had AED 5,592 million of impaired loans and carried impairment allowances of AED 6,409 million (including collective impairment allowances) to cover potential loan losses. As at 31 December 2016, NPLs as a percentage to gross loans (net of interest in suspense) was 2.70 per cent. For further detail on the historic trends with respect to the level of the Issuer's impaired loans, please refer to the section entitled "*National Bank of Abu Dhabi P.J.S.C. – Non-Performing Loans*". As a consequence of adverse market conditions, the Issuer has increasingly focused on restructuring its impaired loans and loans with debtors in financial distress and has provided for impaired loans by way of loan impairment allowances. In accordance with IFRS, the Issuer is required to reflect the impairment calculated as an upfront charge to the income statement. This will be written back to the income statement as and when interest or principal (as appropriate) on the debt is received. However, the actual loan losses could be materially different from the loan impairment allowances. The Issuer's management believes that the levels of impairment allowances for impaired loans and loans under stress

as at 31 December 2016 are sufficient to cover the Issuer's potential loan losses as at that date. As at 31 December 2016, impairment allowances (including collective impairment allowances) covered 114.63 per cent. of the Issuer's impaired loans and advances.

If the Issuer fails to restructure appropriately or control the levels of, and adequately provide for, its impaired loans and loans under stress, the Issuer may need to make further impairment charges and its business, results of operations, financial condition and prospects could be materially adversely affected.

The principal shareholder of the Issuer owns 69.89 per cent. of the outstanding share capital and may influence the Group's business significantly

As at the date of this Offering Memorandum, the Issuer's principal beneficial shareholder is the Abu Dhabi Investment Council ("**ADIC**", which is wholly-owned by the Government of Abu Dhabi), holding approximately 69.89 per cent. of the Issuer's outstanding share capital and representing the Government of Abu Dhabi. By virtue of such shareholding, ADIC has the ability to influence the Issuer's business significantly through its ability to control and/or block corporate actions or resolutions that require shareholder approval. Accordingly, ADIC could cause the Issuer to pursue transactions, make dividend payments or other distributions or payments to shareholders or undertake other actions which are contrary to the commercial interests of the Issuer. If circumstances were to arise where the interests of ADIC conflicted with the interests of the Noteholders, the Noteholders may be disadvantaged by any such conflict.

Competition

The Issuer faces high levels of competition for all products and services. The Issuer competes primarily with a large number of other domestic banks in the UAE, some of which are also owned, directly or indirectly, by the governments of the relevant Emirates, government-related entities or members of the ruling families of the relevant Emirates. As at 31 December 2015, there were a total of 49 banks registered in the UAE (*source*: the UAE Central Bank). The Issuer's main domestic competitors in terms of size of banking franchise and product and customer segments are Abu Dhabi Commercial Bank P.J.S.C., Emirates NBD P.J.S.C., First Gulf Bank P.J.S.C. ("**FGB**"), Dubai Islamic Bank P.J.S.C., Mashreqbank psc, Union National Bank P.J.S.C., Abu Dhabi Islamic Bank P.J.S.C. and HSBC Bank plc.

In addition to the local commercial banks in the UAE, the Issuer competes with a number of international banks in investment advisory, investment banking, corporate advisory, finance and other services. In the large corporate and government client segments, the Issuer faces competition from international banks and such competition is expected to increase in the UAE over time. Although the Issuer seeks to cooperate with some of the top-tier international banks, especially in securities underwriting and distribution, it will also compete with them in other areas, particularly in corporate advisory and treasury operations in which these banks have a long history of successful operations in other regions.

Further, although the UAE could be viewed as an over-banked market, even by regional standards, there has traditionally been little impetus for consolidation (see "*The United Arab Emirates Banking and Financial Services System – Principal Banks in Abu Dhabi – Characteristics of the Banking System*").

Generally, the banking market in the UAE has been a relatively protected market with high regulatory and other barriers to entry for foreign financial institutions. However, should some of these barriers be removed or eased in the future, either voluntarily or as a result of the UAE's obligations to the World Trade Organisation (the "**WTO**"), the GCC or any other similar entities, it is likely to lead to a more competitive environment for the Issuer and other domestic financial institutions. Such increase in competition could have a material adverse effect on the businesses, results of operations, financial condition and prospects of the Issuer.

Factors relating to the proposed merger

There are risks and uncertainties associated with the Issuer's proposed merger with FGB

On 3 July 2016, it was announced that the board of directors of both the Issuer and FGB had voted unanimously to recommend to the relevant shareholders of each institution a merger (the "**Merger**") of the two Abu Dhabi-listed banks, to create the largest bank in the Middle East and North Africa ("**MENA**") region by assets (the "**Enlarged Group**"). For further information, please see "*National Bank of Abu Dhabi P.J.S.C. – Proposed Merger*".

Whether or not the Merger takes place, the announcement of the proposed Merger could cause disruptions in the businesses of the Issuer which could have an adverse effect on its financial results

Whether or not the Merger takes place, the announcement of the proposed Merger could cause disruptions in the businesses of the Issuer, specifically:

- the attention of the management teams of the Issuer may be diverted from the operations of the businesses towards finalising the Merger;
- current and prospective employees may experience uncertainty about their future roles within the Enlarged Group, which might adversely affect the Issuer's ability to retain or recruit key managers and other employees; and
- existing and prospective clients and customers may choose not to do business with the Issuer until such time as the Merger is implemented or the anticipated benefits of the Merger are realised.

Regulatory authorities may delay or prevent the Merger taking place, which may diminish the anticipated benefits of the Merger.

The Merger is subject to certain risks and uncertainties, including the inability of the Issuer and FGB to obtain the necessary resolutions, approvals and other relevant consents (regulatory, governmental or otherwise) as necessary to the implementation of the Merger. Any delay in obtaining the required approvals may also postpone the execution of the Merger, which the Issuer currently expects to take place during the course of Q1 2017. The failure to consummate the Merger as currently planned could result in the Issuer not obtaining the anticipated benefits of the Merger. The Merger requires the receipt of consents and approvals from regulators in the UAE (including the Central Bank, the SCA, the Abu Dhabi Department of Economic Development and the Ministry of Economy) and abroad including the Qatar Financial Centre Regulatory Authority, Qatar Financial Centre, Monetary Authority of Singapore, Central Bank of Curacao and Sint Maarten, Jersey Financial Services Commission, Swiss Financial Market Supervisory Authority FINMA, Central Bank of Jordan, Central Bank of Oman, Bank Negara Malaysia (Central Bank of Malaysia), Autorité de contrôle prudentiel et de résolution – Banque de France and the Cayman Islands Monetary Authority. Although the Issuer and FGB intend to pursue vigorously all required regulatory consents and approvals, and although they are not aware of any reason why they would not be able to obtain the necessary approvals in a timely manner, these approvals may not be granted or may be delayed. Any delay or prevention in the consummation of the Merger may diminish anticipated benefits or may result in additional transaction costs, loss of revenue or other effects associated with uncertainty about the Merger.

The Enlarged Group may experience difficulties in integrating the existing businesses carried on by the Issuer and FGB

The Merger involves the integration of two businesses that have previously operated independently. The potential difficulties of combining the businesses include:

- the necessity of co-ordinating and consolidating management functions, organisations, systems and facilities;
- the task of integrating the management and personnel of the Issuer and FGB, maintaining employee morale and retaining and incentivising key employees;
- accurately evaluating the contractual, financial, regulatory, environmental and other obligations and liabilities associated with both the Issuer's and FGB's investments, including the appropriate implementation of financial oversight and internal controls and the timely preparation of financial statements that are in conformity with the Issuer's accounting policies;
- accurately judging market dynamics, demographics, growth potential and competitive environment (including evaluating and managing the risks and uncertainties in entering new markets and acquiring new businesses); and

- maintaining and obtaining the necessary licences and approvals from relevant governmental and regulatory authorities and agencies.

The process of integrating operations may present financial, managerial and operational risks, including an interruption of, or loss of momentum in, the activities of one or more of the Issuer's businesses and the loss of key personnel. The diversion of both the Issuer's and FGB's management's attention and any delays or difficulties encountered in connection with the Merger and the integration of the operations of the businesses could have an adverse effect on the business, results of operations, financial condition or prospects of the Enlarged Group after the Merger. Moreover, if the management of both the Issuer and FGB is unable to integrate the operations of the companies successfully, the anticipated benefits of the Merger may not be fully realised.

The Enlarged Group may not achieve the synergies that it anticipates following the Merger

The Enlarged Group may fail to achieve the synergies that it anticipates will arise from the Merger. The success of the Merger will depend, in part, on the Enlarged Group's ability to realise anticipated cost savings, revenue synergies and growth opportunities from integrating the businesses of the Issuer and FGB. The Enlarged Group expects to benefit from synergies resulting from the consolidation of capabilities, rationalisation of operations and headcount, greater efficiencies from increased scale and market integration, and organic growth. In particular, the Enlarged Group's ability to realise anticipated synergies and the timing of this realisation may be affected by a variety of factors, including but not limited to:

- its broad geographic areas of operations and the resulting potential complexity of integrating the Issuer's and FGB's corporate and regional offices;
- the difficulty of implementing its cost savings plans;
- the challenges associated with the combination of the Issuer's and FGB's businesses and operations, and, in particular, the ability to integrate new operations with existing operations in a timely and effective manner and to manage an increasingly larger business; and
- unforeseeable events, including major changes in the markets in which the Issuer and FGB operate.

If the cost savings that the Issuer expects are not realised or are delayed, the Enlarged Group's results of operations could be adversely affected.

The Enlarged Group may incur higher than expected integration, transaction and Merger-related costs. The Issuer expects to incur implementation costs of approximately AED 600 million in order to deliver the anticipated operating synergies. In addition, the Issuer will incur legal, accounting and transaction fees and other costs related to the Merger. Some of these costs are payable irrespective of whether the Merger is completed and such costs may be higher than anticipated. The projected cost savings from integrating the businesses of the Issuer included in this document are based on highly preliminary estimates compiled by the Issuer's board of directors (the "**Board**") and may be revised following more detailed integration planning. Therefore, there is a risk that the estimated savings will not be realised due to unforeseen inaccuracies in such estimates. No responsibility for the outcome in respect of such estimates has been assumed by the Issuer or any other person in this regard and there is no intention to update the synergy statements or other such forward-looking statements in this document except as required pursuant to applicable law and regulation.

There is also a risk that these cost savings are not realised in the time, manner or amounts currently expected, if at all, as a result of various external and internal factors.

Although the Issuer believes that the elimination of costs, as well as the realisation of other efficiencies related to the integration of the businesses, will offset these implementation and acquisition costs over time, this net benefit may not be achieved within the expected timetable. In addition, some of these costs could be higher than the Issuer anticipates which could reduce the net benefits of the Merger and impact the Enlarged Group's financial condition and/or results of operations.

The Enlarged Group may not be able to successfully combine the existing Issuer and FGB businesses

The Issuer and FGB currently operate as independent companies. The Enlarged Group may face significant challenges integrating the two organisations, their policies, technologies and operations in a timely and efficient manner, as well as in addressing differences in the business cultures of the two companies and retaining key Issuer and FGB personnel.

The integration process may prove to be complex and time-consuming, require substantial resources and effort and lead to a degree of uncertainty for customers and employees. It may also disrupt each company's ongoing businesses, which may adversely affect the Enlarged Group's relationships with customers, suppliers, partners, employees, regulators and others with whom NBAD and FGB have business or other dealings. The integration process may also lead to a reduction or loss of the "brand equity" of one or both of the companies.

If the Enlarged Group fails to manage the integration of the businesses of the Issuer and FGB effectively, the growth strategy and future profitability of the Enlarged Group could be negatively affected and it may fail to achieve the anticipated benefits of the Merger. In addition, difficulties in integrating the businesses could harm the reputation of the Enlarged Group, which may result in the loss of customers and key employees.

Risks relating to the transaction costs of the Merger

The Enlarged Group expects to incur a number of non-recurring costs associated with the integration of the businesses of NBAD and FGB, including potential costs associated with the rebranding of the companies, fees to financial, accounting and legal advisers and other related costs. If the integration is not successful, the Enlarged Group will not realise the anticipated benefits of the integration and may, therefore, fail to offset these integration costs over time.

Factors Relating to the MENA region and the UAE

The UAE has a commodity and services economy based in the Middle East and is developing its other industries

The Issuer has the majority of its operations in the UAE and accordingly its business and results of operations are, and will continue to be, generally affected by the financial, political and general economic conditions prevailing from time to time in the UAE and/or the Middle East generally.

Investors should also be aware that these markets are subject to risks similar to other developed and developing markets, including in some cases significant legal, economic and political risks. While Abu Dhabi is actively promoting tourism and real estate and undertaking several large scale development projects, the oil and gas industry dominates Abu Dhabi's economy and, according to the Statistics Center Abu Dhabi (the "SCAD"), contributed approximately 51.0 per cent. to its nominal GDP in 2014.

Declines in international prices for hydrocarbon products, such as those seen since mid 2014, could therefore adversely affect the UAE's economy which, in turn, could have an adverse effect on the Issuer's business, financial condition and results of operations and thereby affect the Issuer's ability to perform its obligations in respect of any Notes.

Enforcing foreign judgments and arbitration awards in the UAE

The payments under the Notes are dependent upon the Issuer making payments to investors in the manner contemplated under the Notes. If the Issuer fails to do so, it may be necessary for an investor to bring an action against the Issuer to enforce its obligations and/or to claim damages, as appropriate, which may be costly and time-consuming.

Under current UAE law, the UAE courts are unlikely to enforce an English court judgment without first re-examining the merits of the claim, to which they may simply apply UAE law; thus not observing the choice by the parties of English law as the governing law of the transaction. In the unlikely event that the parties' choice was respected, it is important to note that in the UAE, foreign law is required to be established as a question of fact. Therefore, the interpretation of English law by a court in the UAE may not accord with that of an English court.

In principle, courts in the UAE recognise the choice of foreign law if they are satisfied that an appropriate connection exists between the relevant transaction agreement and the foreign law which has been chosen. They will not, however, honour any provision of foreign law which is contrary to public policy, order or morals in the UAE, or which is contrary to any mandatory law of, or applicable in, the UAE.

The UAE is a civil law jurisdiction and judicial precedents in the UAE have no binding effect. In addition, court decisions in the UAE are generally not recorded. These factors create greater judicial uncertainty. The Issuer has confirmed that the Programme limit in the nominal amount of U.S.\$7,500,000,000 does not exceed the Issuer's capitalisation and therefore the update of the Programme and/or any issuance thereunder does not contravene Article 180 of the Commercial Companies Law of the UAE. However, the Emirates Securities and Commodities Authority ("**SCA**") may alter its interpretation of Article 180 in such a way that would require the Issuer to obtain approval for the issuance of the Notes under the Programme. The implications of such a decision by the SCA are not clear.

The Notes, the Agency Agreement and the Deed of Covenant (each as defined in "*Terms and Conditions of the Notes*") are governed by English law and the parties to such documents have agreed to refer any unresolved dispute in relation to such documents to arbitration under the Arbitration Rules of the London Court of International Arbitration, with an arbitral tribunal with its seat in London (or, subject to the exercise of an option to litigate given to certain parties (other than the Issuer) the courts of England and Wales are stated to have jurisdiction to settle any disputes). Notwithstanding that an arbitral award may be obtained from an arbitral tribunal in London or that a judgment may be obtained in an English court, there is no assurance that the Issuer has, or would at the relevant time have, assets in the United Kingdom against which such arbitral award or judgment could be enforced.

The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the "**New York Convention**") entered into force in the UAE on 19 November 2006. In the absence of any other multilateral or bilateral enforcement convention, an arbitration award rendered in London should be enforceable in the UAE as a foreign award in accordance with the terms of the New York Convention. Under the New York Convention, the UAE has an obligation to recognise and enforce foreign arbitration awards, unless the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement, or the UAE courts find that the subject matter of the dispute is not capable of settlement by arbitration or enforcement would be contrary to the public policy of the UAE. There have been limited instances where the UAE courts, most notably the Fujairah Court of First Instance and the Dubai Court of Cassation, have ratified or ordered the recognition and enforcement of foreign arbitration awards under the New York Convention.

How the New York Convention provisions would be interpreted and applied by the UAE courts in practice and whether the UAE courts will enforce a foreign arbitration award in accordance with the New York Convention (or any other multilateral or bilateral enforcement convention), remains largely untested. This is reinforced by the lack of a system of binding judicial precedent in the UAE and the independent existence of different Emirates within the UAE, some with their own court systems independent of the federal system, and whose rulings may have no more than persuasive force cross-border. Although there are examples of foreign arbitral awards being enforced in the UAE under the New York Convention, there are other cases where the enforcement of foreign arbitral awards have been refused, with, for example, the relevant judge confusing the requirements for the enforcement of domestic awards with the requirements for the enforcement of foreign awards under the UAE Federal Law No. 1 of 1992 as amended, or ignoring the provisions of Article 238 of Federal Law No. 11 of 1992 (as amended by Federal Law No. 30 of 2005) (the "**Law of Civil Procedure**"). Article 238 of the Law of Civil Procedure provides that Articles 235 to 237 (which deal with enforcement of foreign judgments, orders and instruments and which contain onerous requirements which must be satisfied before enforcement will be considered by the UAE courts) apply only in the absence of multilateral or bilateral conventions such as the New York Convention. Therefore, there remains a risk that when faced with an action for enforcement of a foreign arbitration award under the New York Convention, the UAE courts might continue to ignore Article 238 of the Law of Civil Procedure and instead apply Articles 235 to 237. If Article 238 is ignored, there is a risk that a foreign arbitration award will be refused enforcement by the UAE courts.

Political, economic and related considerations

Although the UAE has enjoyed significant economic growth in recent years, there can be no assurance that such growth or stability will continue. Investors should note that the Issuer's businesses and financial

performance may be affected by the financial, political and general economic conditions prevailing from time to time in the UAE and the Middle East. This is particularly so in light of significant adverse financial and economic conditions experienced worldwide commencing in early 2008. Since that time, there has been a slowdown or reversal of the high rates of growth that had been experienced by many countries within the GCC and the UAE, especially in Dubai and, to a lesser extent, Abu Dhabi. Consequently, certain sectors of the GCC economy such as financial institutions that had benefitted from such high growth rates have been adversely affected by the crisis. These challenging market conditions have historically resulted in reduced liquidity, greater volatility, widening of credit spreads and lack of price transparency in credit and capital markets.

Based on IMF data (extracted from the World Economic Outlook (October 2015)) real GDP growth in the UAE was 4.6 per cent. in 2014, 4.3 per cent. in 2013 and 7.2 per cent. in 2012. However, despite such positive growth, the financial performance of the Issuer may be materially and adversely affected by a worsening of general economic conditions in the markets in which the Issuer operates, as well as by United States, European and international trading market conditions and/or related factors. Moreover, while the UAE federal government's (the "**UAE Federal Government**") policies have generally resulted in improved economic performance, there can be no assurance that such policies or level of performance will be sustained.

No assurance can be given that the UAE Federal Government will not implement regulations or fiscal or monetary policies or new legal interpretations of existing regulations, relating to, or affecting taxation, interest rates or exchange controls, or otherwise take actions which could have a material adverse effect on the Issuer's business, financial condition, or prospects or which could adversely affect the market price and liquidity of the Notes.

While the UAE is seen as a relatively stable political environment with generally healthy international relations, certain other jurisdictions in the Middle East are not and there is a risk that regional geopolitical instability could impact the UAE. Instability in the Middle East may result from a number of factors, including government or military regime change, civil unrest or terrorism. In particular, since early 2011 there has been political unrest in a range of countries in the MENA region, including Egypt, Algeria, the Hashemite Kingdom of Jordan, Libya, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the Republic of Yemen, the Republic of Iraq (Kurdistan), Syria, Palestine, Tunisia and the Sultanate of Oman.

This unrest has ranged from public demonstrations to, in extreme cases, armed conflict (including the multinational conflict with Islamic State (also known as Daesh, ISIS or ISIL)) and the overthrow of existing leadership and has given rise to increased political uncertainty across the region. Further, the UAE, along with other Arab states, is currently participating in the Saudi Arabian led military intervention in the Republic of Yemen which began in 2015 in response to requests for assistance from the Yemeni government. The UAE is also a member of another Saudi Arabian led military coalition formed in December 2015 to combat Islamic extremism and, in particular, Islamic State. These situations have caused significant disruption to the economies of affected countries and have had a destabilising effect on international oil and gas prices. Though the effects of the uncertainty have been varied, it is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the UAE would be able to sustain its current economic growth levels if adverse political events or circumstances were to occur. Continued instability affecting the countries in the MENA region could adversely impact the UAE although to date there has been no significant impact on Abu Dhabi or the UAE.

A general downturn, political instability or instability in certain sectors of the UAE or the regional economy could have an adverse effect on the Issuer's business, financial condition and results of operations. Investors should also note that the Issuer's business and financial performance could be adversely affected by political, economic or related developments both within and outside the Middle East because of inter-relationships within the global financial markets.

The UAE's economy is highly dependent upon its oil revenue

The UAE's economy, and the economy of Abu Dhabi in particular, is highly dependent upon oil revenue. While Abu Dhabi is actively promoting tourism and real estate and undertaking several large-scale development projects, the oil and gas industry dominates Abu Dhabi's economy.

According to OPEC data, as at 31 December 2014, the UAE had 6.6 per cent. of proven global oil reserves (giving it the sixth largest oil reserves in the world). According to the OPEC website, the price of the OPEC Reference Basket has fluctuated significantly in recent years. Since June 2014, when the monthly average OPEC Reference Basket price per barrel was approximately U.S.\$108, crude oil prices have fallen sharply, by approximately 75 per cent. to a monthly average price of U.S.\$33.64 in December 2015. For the month of July 2016, the average price of the OPEC Reference Basket was U.S.\$42.68 per barrel. Oil prices are expected to continue to fluctuate in the future in response to changes in many factors over which the Issuer has no control. Factors that may affect the price of oil include, but are not limited to:

- economic and political developments in oil producing regions, particularly in the Middle East;
- global and regional supply and demand, and expectations regarding future supply and demand, for oil products;
- the ability of members of OPEC and other crude oil producing nations to agree upon and maintain specified global production levels and prices;
- the impact of international environmental regulations designed to reduce carbon emissions;
- other actions taken by major crude oil producing or consuming countries;
- prices and availability of alternative fuels, global economic and political conditions, prices and availability of new technologies using alternative fuels; and
- global weather and environmental conditions.

If the prevailing low international prices for hydrocarbon products are sustained for a significant period of time into the future this could have a significant adverse effect on the UAE's economy which, in turn, could have an adverse effect on the Issuer's business, financial condition and results of operations and thereby affect the Issuer's ability to perform its obligations in respect of any Notes.

Impact of regulatory changes

The Issuer is subject to a number of prudential and regulatory controls designed to maintain the safety and soundness of banks, ensure its compliance with economic, social and other objectives and limit their exposure to risk. These regulations include UAE federal laws and regulations (particularly those of the UAE Federal Government and the UAE Central Bank), as well as the laws and regulations of the other countries in which the Issuer operates. Such regulations may limit the Issuer's ability to lend to a single borrower or group of related borrowers, increase its loan/financing receivable portfolios or raise capital or may increase its cost of doing business.

Any changes in such laws and regulations and/or the manner in which they are interpreted or enforced may have a material adverse effect on the Issuer's business, results of operations, financial condition and prospects. In particular, changes in UAE Central Bank regulations or policy may affect UAE banks' large exposure limits, reserves, provisions, impairment allowances and other applicable ratios.

In particular, by a circular dated 23 February 2011 (the "**Retail Circular**") on retail banking and notice no. 31/2013 dated 28 October 2013 (which was published in the UAE official gazette (the "**Official Gazette**") on 28 November 2013 and entered into force on 28 December 2013) (the "**Mortgage Regulations**"), the UAE Central Bank introduced regulations regarding bank loans and other services offered to individual customers. These regulations, among other things, limit the fees and interest rates which banks in the UAE can charge to retail customers and impose maximum loan/income and loan to value ratios for retail products such as residential mortgage loans. For example, the Retail Circular requires that the amount of any personal consumer loan shall not exceed 20 times the salary or total income of the borrower with the repayment period not exceeding 48 months. The Mortgage Regulations, which supersede Central Bank notice no. 3871/2012 dated 30 December 2012, provide that the amount of mortgage loans for non-nationals should not exceed 75 per cent. of the property value for a first purchase of a home with a value of less than or equal to AED 5 million and, for a first purchase of a home with a value greater than AED 5 million, should not exceed 65 per cent. of the property value. For the purchase of a second or subsequent home, the limit for non-nationals is set at 60 per cent. of the property value

(irrespective of the value of the property in question). The corresponding limits for UAE nationals are set at 80 per cent. in respect of a first purchase of a home with a value less than or equal to AED 5 million, 70 per cent. for a first home with a value greater than AED 5 million and 65 per cent. of the property value for a second or subsequent purchase (irrespective of the value of the property).

Any further changes in the UAE Central Bank regulations or policy (including regulations such as Central Bank Notice No. 32/2013 on large exposures (the "**Large Exposure Notice**") (which was published in the Official Gazette on 30 December 2013 and entered into force on 30 January 2014) and Central Bank Notice No. 33/2015 on liquidity requirements (which was issued by the UAE Central Bank on 27 May 2015 and which came into force with effect from 1 July 2015, replacing Central Bank Notice No. 30/2012) (the "**Liquidity Notice**") may affect the Issuer's reserves, revenues and performance, see "*The United Arab Emirates Banking Sector and Regulations – Recent Trends in Banking – Credit Controls*". Furthermore, non-compliance with regulatory guidelines could expose the Issuer to potential liabilities and fines. Although the Issuer works closely with its regulators and continually monitors the situation, future changes in regulation, fiscal or other policies cannot be predicted and are beyond its control. See "*The United Arab Emirates Banking Sector and Regulations – Recent Trends in Banking – Large Exposures*".

The UAE may introduce corporation or value added tax

The Issuer is not currently subject to corporation tax on its earnings within the UAE, although there is no guarantee that this will continue to be the case. Investors should be aware that if the Issuer becomes subject to corporation tax, or if the UAE federal government does proceed with its plans to implement a value added tax ("**VAT**") regime in the UAE (see "*Taxation – United Arab Emirates*"), it may have a material adverse effect on the Issuer's business, results of operations and financial condition, which in turn could affect the Issuer's ability to perform its obligations in respect of any Notes.

Foreign exchange movements may adversely affect the Issuer's profitability

The Issuer maintains its accounts, and reports its results, in AED. The UAE dirham has been pegged at a fixed exchange rate to the U.S. dollar since 22 November 1980. However, there can be no assurance that the UAE dirham will not be de-pegged in the future or that the existing peg will not be adjusted in a manner that adversely affects the Issuer's results of operations and financial condition. The Issuer has among its portfolio U.S. dollar-denominated assets and liabilities and any alteration to, or abolition of, this foreign exchange peg, particularly if the UAE dirham weakens against the U.S. dollar, will expose the Issuer to U.S. dollar foreign exchange movements against the AED and could have an adverse effect on the Issuer's business, results of operations, financial condition and prospects, and thereby affect the Issuer's ability to perform its obligations in respect of any Notes.

A negative change in the UAE's credit rating could limit the Issuer's ability to raise funding and may increase its borrowing costs

The Issuer currently has a long-term foreign currency issuer default rating of AA- with stable outlook from Fitch, a long-term foreign currency issuer default rating of Aa3 with negative outlook from Moody's and a long-term foreign currency issuer default rating of AA- (placed on "Creditwatch" with negative implications) from S&P. S&P placed the Issuer on "Creditwatch" with negative implications in July 2016 following the announcement of the proposed Merger. However, it is unknown what the rating of the Enlarged Group may be, once the Merger is complete. These ratings, which are intended to measure the Issuer's ability to meet its debt obligations as they mature, are an important factor in determining the Issuer's cost of borrowing funds.

On 14 May 2016, Moody's Investors Service Singapore Pte. Ltd. ("**Moody's Singapore**") reaffirmed the UAE's Aa2 government bond and issuer ratings and assigned a negative outlook. The change in the UAE sovereign rating outlook to negative, may limit the Issuer's ability to raise funding and increase its cost of borrowing, which could adversely affect its business, financial condition, results of operations and prospects and thereby affect the Issuer's ability to perform its obligations under the Notes. A downgrade of the Issuer's credit rating (or further announcements of rating watch for downgrade) may also limit its ability to raise capital. Moreover, actual or anticipated changes in the Issuer's credit rating may affect the market value of the Notes.

No third party guarantees

Investors should be aware that no guarantee is given in relation to the Notes by the shareholders of the Issuer or any other person.

The Issuer's business is dependent on its information and technology systems which are subject to potential cyber-attack

In common with other financial institutions based in the GCC and elsewhere in the world, cyber-security has become an increasingly important consideration for financial institutions. The quantity of sensitive information stored by financial institutions makes them potential targets of cyber-attacks. In common with other financial institutions, the Issuer recognises the need to protect itself from the threat to security of its information and customer data from cyber-attacks. Risks to technology and cyber-security change rapidly and require continued focus and investment and the Issuer acts accordingly and takes appropriate steps on an on-going basis to combat such threats and minimise such risks. Given the increasing sophistication and scope of potential cyber-attack, it is however possible that future attacks may lead to significant breaches of security. To actively pre-empt this, Issuer has implemented a variety of technical security controls, which are periodically reviewed and assessed, both internally and externally. However, failure to adequately manage cyber-security risk and continually review and update current processes in response to new threats could adversely affect the Issuer's reputation, business, results of operations, financial condition and prospects.

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

Risks related to the market generally

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

The secondary market generally

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

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Offering Memorandum), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. Such lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the assets of the Issuer. The Issuer cannot predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Where the Notes are listed or quoted on an exchange or quotation system, this does not imply greater or lesser liquidity than if equivalent Notes were not so listed or quoted and the Issuer cannot guarantee that the listing or quotation will be permanently maintained. Where the Notes are not listed or quoted, it becomes more difficult to purchase and sell such Notes and there may also be a lack of transparency with regard to pricing information.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction

over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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

Interest rate risks

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

Credit ratings may not reflect all risks

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

In general, European regulated investors are restricted under the CRA Regulation 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). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("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 in the "*National Bank of Abu Dhabi P.J.S.C.*" section of this Offering Memorandum.

Risks related to the Notes generally

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

The Notes are complex financial instruments

The Notes are complex financial instruments and may include embedded derivatives. The Issuer may issue Notes with principal and/or interest determined by reference to one or more interest rates, one or more securities (including a basket of securities), one or more indices (including a basket of indices), one or more currency exchange rates and/or the credit of one or more entities, or other assets or instruments (each, a "**Relevant Underlying**"). Potential investors should be aware that:

- (a) they may lose all or a substantial portion of their principal or investment, depending on the performance of each Relevant Underlying as applicable;
- (b) the market price of such Notes may be very volatile;
- (c) investors in Notes may receive no interest;
- (d) payments, including payment of principal or interest, if applicable, may occur at a different time or in a different currency than expected;
- (e) a Relevant Underlying may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

- (f) if a Relevant Underlying is applied to the Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Underlying on amounts (including principal or interest) payable on such Notes is likely to be magnified; and
- (g) the timing of changes in a Relevant Underlying 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 Relevant Underlying, the greater the effect on yield.

The Notes may not be a suitable investment

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 should ensure that they:

- (a) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Notes and the information contained or incorporated by reference in this Offering Memorandum or any applicable supplement and all the information contained in the applicable Pricing Supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of the potential investor's particular financial situation and to evaluate the impact the Notes will have on their overall investment portfolio;
- (c) understand thoroughly (either alone or with the help of a financial and legal adviser) the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets and how the performance thereof over all possible scenarios will affect the return on the Notes;
- (d) are capable of bearing the economic risk of an investment in the Notes until the maturity date of the Notes;
- (e) recognise that it may not be possible to dispose of the Notes for a substantial period of time, if at all before the maturity date; and
- (f) are able to evaluate (either alone or with the help of a financial and legal 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 Calculation Agent, the Arranger or any Dealer has given or will give a Noteholder, in relation to any of the Notes (either directly or indirectly) any assurance or guarantee as to the merits, performance or suitability of such Notes, and you should be aware that each of them is acting as an arm's-length counterparty and not as an advisor or fiduciary.

Independent review and advice

Each prospective investor must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is (i) fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. The Issuer disclaims any responsibility to advise prospective investors of any matters arising under the law of the country in which they reside that may affect the purchase of, or holding of, or the receipt of payments or deliveries on the Notes.

Representations and acknowledgments by Noteholders

Representations and acknowledgments by Noteholders. Each Noteholder shall be deemed to represent and acknowledge to the relevant Issuer on acquiring any Note that:

- (a) neither the Issuer and/or any Affiliate nor any of their agents is acting as a fiduciary for it or provides investment, tax, accounting, legal or other advice in respect of the Notes and that such

holder and its advisors are not relying on any communication (written or oral and including, without limitation, opinions of third party advisors) of the Issuer as (a) legal, regulatory, tax, business, investment, financial, accounting or other advice, (b) a recommendation to invest in any Notes or (c) an assurance or guarantee as to the expected results of an investment in the Notes (it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered to be any such advice, recommendation, assurance or guarantee and should be independently confirmed by the recipient and its advisors prior to making any such investment);

- (b) such Noteholder (a) has consulted with its own legal, regulatory, tax, business, investments, financial and accounting advisors to the extent that it has deemed necessary, and has made its own investment, hedging, and trading decisions based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuer or any of their agents and (b) is acquiring Notes with a full understanding of the terms, conditions and risks thereof and it is capable of and willing to assume those risks; and
- (c) the Issuer and/or any Affiliates may have banking or other commercial relationships with issuers of any securities to which the Notes relate and may engage in proprietary trading in any equity securities, indices or other property to which the Notes relate or options, futures, derivatives or other instruments relating thereto (including such trading as the Issuer deem appropriate in their sole discretion to hedge the market risk on the Notes and other transactions between the Issuer and any third parties), and that such trading (a) may affect the price or level thereof and consequently the amounts payable under the Notes and (b) may be effected at any time.

The Notes are not ordinary debt securities

The terms of certain Notes differ from those of ordinary debt securities because the Notes may not pay interest, and, on maturity, depending on the performance of the Relevant Underlying may return less than the amount invested or nothing, or may return Notes of an issuer that is not affiliated with the Issuer, the value of which is less than the amount invested. Prospective investors who consider purchasing the Notes should reach an investment decision only after carefully considering the suitability of the Notes in light of their particular circumstances. The price of the Notes may fall in value as rapidly as it may rise, and investors in the Notes. See "*Risks related to Notes linked to one or more specific types of Relevant Underlying*".

Certain considerations regarding the use of the Notes as hedging instruments

Any person intending to use the Notes as a hedge instrument should recognise the "correlation risk" of doing this. Correlation risk is the potential differences in exposure for a potential investor that may arise from the ownership of more than one financial instrument. The Notes may not hedge exactly a Relevant Underlying, of which a Relevant Underlying forms a part. In addition, it may not be possible to liquidate the Notes at a level which directly reflects the price of the Relevant Underlying, of which the Relevant Underlying forms a part. Potential investors should not rely on the ability to conclude transactions during the term of the Notes to offset or limit the relevant risks. This depends on the market situation and the specific Relevant Underlying conditions. It is possible that such transactions will only be concluded at an unfavourable market price, resulting in a corresponding loss for the Noteholder.

Meetings of Noteholders

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

Foreign Account Tax Compliance Act withholding may affect payments on the Notes

Whilst the Notes are in global form and held within Euroclear Bank SA/NV or Clearstream Banking, *société anonyme* (together the "ICSDs"), in all but the most remote circumstances, it is not expected that the reporting regime and potential withholding tax imposed by Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent

payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has made payment to, or to the order of the common depository for the ICSDs (as bearer or registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an "IGA") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

Dividend Equivalent Amounts

U.S. Treasury Regulations under Section 871(m) of the U.S. Internal Revenue Code require withholding of up to 30 per cent. (depending on whether an income tax treaty or other exemption applies) on payments or deemed payments made to non-U.S. persons on certain financial instruments to the extent that such payments are contingent upon or determined by reference to U.S.-source dividends. Significant aspects of the application of these regulations to the Notes are uncertain. Payments on Notes that are treated by the applicable Treasury regulations as being contingent upon, or determined by reference to, any U.S. source dividends may be subject to this withholding. In addition, the regulations may impose withholding tax on non-U.S. persons to the extent U.S.-source dividends are expected to be paid on the underlying equity securities, even if no corresponding payment on the Note is explicitly linked to such dividends. In the event any withholding would be required pursuant to Section 871(m) with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

Change of law

The Conditions are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

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

Reform of LIBOR and EURIBOR and other interest rate index and equity, commodity and foreign exchange rate index "benchmarks"

The London Inter-Bank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other indices which are deemed "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst 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".

Key international proposals for reform of "benchmarks" include IOSCO's Principles for Financial Market Benchmarks (July 2013) (the "**IOSCO Benchmark Principles**") and the EU regulation on indices used as "benchmarks" in certain financial instruments and financial contracts or to measure the performance of investment funds (the "**EU Benchmark Regulation**").

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 by IOSCO in February 2015 of 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.

The EU Benchmark Regulation will apply (with limited exceptions) from 1 January 2018 to "contributors", "administrators" and "users" of "benchmarks" in the EU, and will, among other things, (i) require benchmark administrators to be authorised (or, if non-EU-based, to have satisfied certain "equivalence" conditions in its local jurisdiction, to be "recognised" by the authorities of a Member State pending an equivalence decision or to be "endorsed" for such purpose by an EU competent authority) and to comply with extensive requirements in relation to the administration of "benchmarks" and (ii) ban the use of "benchmarks" of unauthorised administrators. The scope of the EU Benchmark Regulation is wide and, in addition to so-called "critical benchmark" indices such as LIBOR and EURIBOR, could also potentially apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including "proprietary" indices or strategies) which are referenced in certain financial instruments (securities or OTC derivatives listed on an EU regulated market, EU multilateral trading facility (MTF), EU organised trading facility (OTF) or "systematic internaliser"), certain financial contracts and investment funds. Different types of "benchmark" are subject to more or less stringent requirements, and in particular a lighter touch regime may apply where a "benchmark" is not based on interest rates or commodities and the value of financial instruments, financial contracts or investment funds referring to a benchmark is less than €50bn, subject to further conditions.

The EU Benchmark Regulation could have a material impact on any listed Notes linked to a "benchmark" index, including in any of the following circumstances:

- a rate or 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
- the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the EU 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.

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.

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem certain 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.

Notes where denominations involve integral multiples: definitive Notes

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

Settlement risk

If (with respect to any Notes that are physically settled) prior to the delivery of any specified asset(s), the Calculation Agent for the Notes determines that a settlement disruption event in Condition 8(d) (*Delivery Disruption*) ("**Settlement Disruption Event**") is subsisting, then the obligation to deliver such asset(s) shall be postponed to the first following business day on which no Settlement Disruption Event is subsisting. Prospective investors should note that any such determination may affect the value of the Notes and/or may delay settlement in respect of the Notes.

Prospective investors should note that for so long as any delivery of any part of the specified asset(s) is not practicable by reason of a Settlement Disruption Event, then the Issuer may, in its sole and absolute discretion, satisfy its obligations to deliver such part of the specified asset(s) by payment of a disrupted cash settlement price. Prospective investors should note that the disrupted cash settlement price will reflect the fair market value of the Notes less the cost to the Issuer and/or any of its Affiliates of unwinding any Relevant Underlying related hedging arrangements and that any such determination may affect the value of the Notes.

Effect of the liquidity of the Relevant Underlying on Note pricing

The Issuers' hedging costs tend to be higher the less liquidity the Relevant Underlying has or the greater the difference between the "buy" and "sell" prices for the Relevant Underlying, or derivatives contracts referenced to the Relevant Underlying. When quoting prices for the Notes, the Issuer and/or its Affiliates will factor in such hedging costs and will pass them on to the Noteholders by incorporating them into the "buy" and "sell" prices. Thus, Noteholders selling their Notes on an exchange or on the over-the-counter market may be doing so at a price that is substantially lower than the actual value of the Notes at the time of sale.

Provision of information

The Issuer does not make any representation as to the issuer of any security, the publisher of any index, or any specified entity with respect to Credit-Linked Notes. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to any such issuer, publisher or specified entity, their respective affiliates or any guarantors that is or may be material in the context of the Notes. The issue of Notes will not create any obligation on the part of any such persons to disclose to the Noteholders or any other party such information (whether or not confidential).

Disclosure

Neither the issuer of any single security or basket security, the publisher of an underlying index, nor any specified entity with respect to Credit-Linked Notes has participated in the preparation of this document or in establishing the Conditions of the Notes and the Issuer will not make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer, publisher, or specified entity contained in this document or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the issue date (including events that would affect the accuracy or completeness of any publicly available information described in this document) that would affect the trading price and/or level of the Relevant Underlying will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer, publisher or specified entity could affect the trading price and/or level of the Relevant Underlying and therefore the trading price of the Notes.

Actions taken by the Calculation Agent may affect the Relevant Underlying

The Calculation Agent may make such adjustments as it considers appropriate as a consequence of certain corporate actions affecting the Relevant Underlying. In making these adjustments the Calculation Agent is entitled to exercise substantial discretion and may be subject to conflicts of interest, including the conflicts of interest highlighted above, in exercising this discretion. The Calculation Agent is not required but has the discretion to make adjustments with respect to each and every corporate action.

Potential conflicts of interest between the investor and the Calculation Agent

As Calculation Agent for Notes linked to a single security, index or a basket of securities, indices, or, Credit-Linked Notes, or other underlying instruments, assets or obligations, the Issuer (unless otherwise specified) will determine the payout to the investor at maturity. The Issuer may also carry out hedging activities related to any Notes linked to a single security, index or a basket of securities, indices, Credit-Linked Notes, or Notes linked to commodities or to other instruments, assets or obligations including trading in the underlying securities, indices as well as in other instruments related to the underlying securities, indices, the Issuer may also trade the applicable underlying securities, indices and other financial instruments related to the underlying securities, indices on a regular basis as part of their general broker dealer and other businesses. Any of these activities could influence the Calculation Agent's determination of adjustments made to any Notes linked to a single security, index, or a basket of securities, indices, Credit-Linked Notes, or Notes linked to commodities or other underlying instruments, assets or obligations and any such trading activity could potentially affect the price of the underlying securities, indices, commodities or other underlying instruments, assets or obligations and, accordingly, could affect the investor's payout on any Notes.

Risks related to Notes linked to one or more specific types of Relevant Underlying

The value of Notes linked to a Relevant Underlying may be influenced by unpredictable factors

The value of Notes linked to a Relevant Underlying may be influenced by several factors beyond the Issuer's, and/or its Affiliates' control including:

Valuation of the Relevant Underlying.

The market price or value of the Notes at any time is expected to be affected primarily by changes in the level of the Relevant Underlying to which the Notes are linked. It is impossible to predict how the level of the Relevant Underlying will vary over time. The historical performance value (if any) of the Relevant Underlying does not indicate the future performance of the Relevant Underlying. Factors which may have an effect on the value of the Relevant Underlying include the rate of return of the Relevant Underlying and, where relevant, the financial position and prospects of the issuer of the Relevant Underlying, the specified entity with respect to Credit-Linked Notes or the market price or value of the Relevant Underlying. In addition, the level of the Relevant Underlying may depend on a number of inter-related factors, including economic, financial and political events and their effect on the capital markets generally and relevant stock exchanges. Potential investors should also note that whilst the market value of the Notes is linked to the Relevant Underlying and will be influenced (positively or negatively) by the Relevant Underlying, any change may not be comparable and may be disproportionate. It is possible that while the Relevant Underlying is increasing in value, the value of the Notes may fall. Further, the Conditions of the Notes will allow the Calculation Agent to make adjustments or take any other appropriate action if circumstances occur where the Notes or any exchanges or price sources are affected by market disruption, adjustment events or circumstances affecting normal activities.

Volatility

The term "volatility" refers to the actual and anticipated frequency and magnitude of changes of the market price with respect to a Relevant Underlying. Volatility is affected by a number of factors such as macroeconomic factors (i.e. those economic factors which have broad economic effects), speculative trading and supply and demand in the options, futures and other derivatives markets. Volatility of a Relevant Underlying will move up and down over time (sometimes more

sharply than at other times) and different Relevant Underlyings will most likely have separate volatilities at any particular time.

Dividend Rates and other Distributions

The value of certain Notes could, in certain circumstances, be affected by fluctuations in the actual or anticipated rates of dividend (if any) or other distributions on a Relevant Underlying.

Interest Rates

Investments in the Notes may involve interest rate risk. The interest rate level may fluctuate on a daily basis and cause the value of the Notes to change on a daily basis. The interest rate risk is a result of the uncertainty with respect to future changes of the market interest rate level. In general, the effects of this risk increase as the market interest rates increase.

Remaining Term

Generally, the effect of pricing factors over the term of the Notes will decrease as the maturity date approaches. However, this reduction in the effect of pricing factors will not necessarily develop consistently up until the maturity date, but may undergo temporary acceleration and/or deceleration. Even if the price of the Relevant Underlying rises or falls there may be a reduction or increase, as the case may be, in the value of the Notes due to the other value determining factors. Given that the term of the Notes is limited, investors cannot rely on the price of the Relevant Underlying or the value of the Notes recovering again prior to maturity.

Creditworthiness

Any prospective investor who purchases the Notes is relying upon the creditworthiness of the Issuer and has no rights against any other person. If the Issuer becomes insolvent, investors may suffer potential loss of their entire investment irrespective of any favourable development of the other value determining factors, such as a Relevant Underlying.

Exchange Rates

Even where payments in respect of the Notes are not expressly linked to a rate or rates of exchange between currencies, the value of the Notes could, in certain circumstances, be affected by such factors as fluctuations in the rates of exchange between any currency in which any payment in respect of the Notes is to be made and any currency in which a Relevant Underlying is traded, appreciation or depreciation of any such currencies and any existing or future or governmental or other restrictions on the exchangeability of such currencies. There can be no assurance that rates of exchange between any relevant currencies which are current rates at the date of issue of the Notes will be representative of the relevant rates of exchange used to determine the value of the Notes at any time thereafter. Where Notes are described as being "quantoed", the value of the Relevant Underlying will be converted from one currency (the "**Relevant Underlying Currency**") into a new currency (the "**Settlement Currency**") on the date and in the manner specified in, or implied by, the Conditions using a fixed exchange rate. The cost to the Issuer of maintaining such a fixing between the Relevant Underlying Currency and the Settlement Currency will have an implication on the value of the Notes. The implication will vary during the term of the Notes. No assurance can be given as to whether or not, taking into account relative exchange rate and interest rate fluctuations between the Relevant Underlying Currency and the Settlement Currency, a quanto feature in a Note would at any time enhance the return on the Note over a level of a similar security issued without such a quanto feature, and a quanto feature may lessen the return.

Some or all of the above factors will influence the price investors will receive if an investor sells its Notes prior to maturity in the secondary market. For example, investors may have to sell certain Notes at a substantial discount from the principal amount or investment amount if the market price or value of the Relevant Underlying is at, below, or not sufficiently above the initial market price or value or if market interest rates rise. The secondary market price may be lower than the market value of the issued Notes as at the Issue Date to take into account, amongst other things, amounts paid to distributors and other intermediaries relating to the issue and sale of the Notes and amounts relating to the hedging of the Issuer's obligations. As a result of all of these

factors, any investor that sells the Notes before the stated expiration or maturity date, may receive an amount in the secondary market which may be less than the then intrinsic market value of the Notes and which may also be less than the amount the investor would have received had the investor held the Notes through to maturity.

Inverse Floating Rate Notes

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

Fixed/Floating Rate Notes

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

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal 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.

Risk of leveraged exposure

Leverage involves the use of a number of financial techniques to increase the exposure to a Relevant Underlying, 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 underlying Relevant Underlying moves in the anticipated direction, it will conversely magnify losses when the underlying Relevant Underlying 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 may be higher than those of a similar security which is not leveraged. Noteholders should therefore only invest in leveraged Notes if they fully understand the effects of leverage and are willing to risk the potential losses that might arise as a consequence of an investment in such leveraged Note.

Emerging Market Risks

Where the Notes relate to Relevant Underlyings associated with, or denominated in the currencies of, emerging market countries, investors should note that the risk of the occurrence of and the severity of the consequences of the matters described herein may be greater than they would otherwise be in relation to more developed countries. Emerging markets jurisdictions may be characterised as politically unstable and/or lacking a stable and fully developed economy and financial system and/or lacking in established rule of law. Emerging markets investments generally have greater risks than those from developed jurisdictions including political risk, economic risk, currency risk, market risk, regulatory/legal risk and shareholder risk as further described below:

- *Political risk:* The relative instability of political systems of emerging markets jurisdictions may leave them more vulnerable to public unrest and instability. Such circumstances, in turn, could lead to a reversal of some or all economic or political reform including such policies as confiscatory taxation, exchange controls or expropriation of foreign-owned assets without adequate compensation. Any such policies could have an adverse effect on the value of the Relevant Underlying(s) and, in turn, the relevant Notes.

- *Economic risk:* Businesses and governments of emerging markets jurisdictions may be relatively inexperienced in dealing with difficult market conditions (such as the on-going global recession) and may have a limited capital base from which to borrow funds. In addition, an emerging markets jurisdiction may lack a developed banking sector and its financial institutions may not be adequately regulated. These factors, among other economic issues, could affect the functioning of the economy and have a corresponding adverse effect on the performance of the Relevant Underlying(s) and, in turn, the relevant Notes.
- *Currency risk:* Relevant Underlying(s) or Notes denominated in the currencies of emerging markets jurisdictions may be subject to greater volatility and possibly the suspension of the ability to exchange or transfer currency, or the devaluation of the currency. See "*Foreign Exchange Risks related to the Notes*" below.
- *Market risk:* The financial systems and markets of emerging markets jurisdictions may lack the level of transparency and liquidity found in more developed markets. As a result, such markets may suffer from extreme price volatility, price discrepancies and lack of liquidity. Any such circumstances or events may have an adverse effect on the performance of the Relevant Underlying(s) and, in turn, the relevant Notes.
- *Regulatory/Legal risk:* In emerging markets jurisdictions there may be less government regulation of business and industry practices, stock exchanges, over-the-counter markets and market participants than in more developed countries. Legislation to safeguard the rights of private ownership and to prevent stock market manipulation may not be fully developed and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary application or interpretation and may be subject to change with retroactive effect. The holder of a Relevant Underlying of an emerging markets jurisdiction may not be able to pursue legal remedies in the courts of such jurisdictions. Any such circumstances or events may have an adverse effect on the performance of the Relevant Underlying(s) and, in turn, the relevant Notes.

Risks relating to Credit Linked Notes

General risks relating to Credit Linked Notes

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

Potential investors in Credit Linked Notes should be aware that, depending on the terms of the Credit Linked Notes, (i) they may receive no or only a limited amount of interest, (ii) the occurrence of a Credit Event may result in an early redemption of the Notes, (iii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected, and (iv) they may lose all or a substantial portion of their investment.

The market price of Credit Linked Notes may be volatile and will be affected by, amongst other things, the time remaining to the redemption date or settlement date, as applicable, prevailing credit spreads and the creditworthiness of the relevant Reference Entity which in turn may be affected by the economic, financial and political events in one or more jurisdictions. In the event of early redemption or early cancellation, as applicable, of Credit Linked Notes following the occurrence of a Credit Event, the Credit Linked Notes will either (i) cease to bear interest from the Interest Payment Date immediately preceding the Event Determination Date, or (ii) cease to bear interest from the Event Determination Date if so specified as being applicable in the applicable Pricing Supplement.

The Issuer and its affiliates may, for its own account and for the account of customers, engage in any kind of transactions and other business directly or indirectly involving a Reference Entity and may act with respect to such business in the same manner as it would if the Notes had not been issued, regardless of whether any such action might have an adverse effect directly or indirectly on a Reference Entity.

The Issuer, or any of its Affiliates may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Reference Entity/Entities that they may not disclose. Prospective investors must therefore make an investment decision based upon their own due diligence and purchase the Credit Linked Notes in the knowledge that non-public information which the Issuer or any of its respective Affiliates may have will not be disclosed to investors. Neither the Issuer, or any of its respective Affiliates are under any obligation (i) to review on the Noteholders' behalf the business, financial conditions, prospects, creditworthiness, status or affairs of the Reference Entity/Entities or conduct any investigation or due diligence into the Reference Entity/Entities or (ii) other than as may be required by applicable rules and regulations relating to the Notes, to make available (a) any information relating to the Notes or (b) any non-public information they may possess in respect of the Reference Entity/Entities.

Certain Credit Linked Notes may be highly leveraged instruments, including without limitation (i) Credit Linked Notes linked to a notional amount relating to Reference Entities or Reference Obligations exceeding the aggregate nominal amount or issue price of the Credit Linked Notes, as applicable, or (ii) Credit Linked Notes linked to the first-to-default reference entity within a reference portfolio (or similar arrangements over a reference portfolio). The use of leverage is a speculative investment technique designed to enhance returns. However, such technique will also magnify the adverse impacts of a Credit Event.

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.

Credit Events

Events that will constitute a Credit Event for these purposes are as specified in the applicable Pricing Supplement and, depending on which is specified as applicable in the applicable Pricing Supplement, as further described in Credit Linked Conditions. The Credit Events that apply to the Notes will be specified in the applicable Pricing Supplement and may include, without limitation, the occurrence of one or more of the events summarised below:

Bankruptcy – the Reference Entity becomes bankrupt;

Failure to Pay – subject to a minimum threshold amount, the Reference Entity fails to pay any amounts due on any of its borrowings (including its bonds or loans) or, where applicable, guarantees (which, for the purposes of these risk factors, includes guarantees and insurance pursuant to a guarantee);

Obligation Acceleration – the Reference Entity defaults on a minimum amount of its borrowings (including its bonds or loans) or, where applicable, guarantees and as a result such obligations are accelerated;

Obligation Default – the Reference Entity defaults on a minimum amount of its borrowings (including its bonds or loans) or, where applicable, guarantees and as a result such obligations are capable of being accelerated;

Repudiation/Moratorium – (i) the Reference Entity repudiates or rejects, in whole or in part, its obligations in relation to its borrowings or, where applicable, its guarantees, or it declares or imposes a moratorium with respect to its borrowings or, where applicable, guarantees and (ii) thereafter within a certain period it fails to pay any amounts due on any of its borrowings (including its bonds or loans) or, where applicable, its guarantees, or it restructures any of its borrowings or, where applicable, guarantees in such a way as to affect a creditor adversely;

Restructuring – following a deterioration of the Reference Entity's creditworthiness, any of its borrowings or, where applicable, guarantees, subject to a minimum threshold amount of such borrowings or, where applicable, guarantees, are restructured in such a way as to affect a creditor adversely (such as a reduction or postponement of the interest or principal payable on a bond or loan); and

Governmental Intervention – any of the Reference Entity's borrowings or, where applicable, guarantees are restructured in such a way as to adversely affect a creditor (such as a reduction or

postponement of the interest or principal payable on a bond or loan), are expropriated or amended in such a way that the beneficial holder is changed or are mandatorily cancelled, converted or exchanged or any similar event occurs with respect thereto, in each case as a result of Governmental Authority action or announcement pursuant to or by means of a restructuring and resolution law or regulation (or similar).

Prospective investors should note that not all of the possible Credit Events require an actual default with respect to the obligations of a relevant Reference Entity. Noteholders could bear losses based on deterioration in the credit of any relevant Reference Entity(ies) short of a default, subject to the provisions set out in the applicable Pricing Supplement. Also, not all of the Credit Events are triggered by events which are easily ascertainable and disputes can and have arisen as to whether a specific event with respect to a Credit Event did or did not constitute a Credit Event. The Calculation Agent's determination that a Credit Event has or has not occurred will be binding on the Noteholders. The Calculation Agent's view of whether a Credit Event has occurred may be different from the view of the Noteholders or other financial institutions, rating agencies or commentators.

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:

- (i) to incorporate and/or reflect further or alternative documents or protocols from time to time published by ISDA with respect to the documentation, trading or settlement of credit derivative transactions and/or 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 the Hedge Transactions of the Issuer or any of its Affiliates.

Hedging Disruption

The terms and conditions provide that, if the provisions of Credit Linked Condition 1(d) (*Additional Credit Linked Note Disruption Events*) apply and Hedging Disruption is specified as applying in the applicable Pricing Supplement, in the event that (a) the Issuer and/or any of its Affiliates or agents is unable, after using commercially reasonable efforts, to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) or any futures or options contract(s) it deems necessary to hedge the risk of the Issuer issuing and performing its obligations with respect to the Notes or to realise, recover, remit receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s) or any futures or options contract(s) or any relevant hedge positions relating to the Notes, the Issuer may redeem or cancel all but not some only of the Credit Linked Notes as of such date as the Calculation Agent shall determine. If the Credit Linked Notes are so redeemed, the cost of unwinding any underlying hedging arrangements, as determined by the Calculation Agent in its sole and absolute discretion, will be borne by the Noteholders and reduce the amount payable to Noteholders accordingly.

Physical Settlement Matrix and 2014 ISDA Credit Derivatives Definitions

Where so specified in the applicable Pricing Supplement, the Credit Linked Notes may incorporate certain specific terms of the Credit Derivatives Physical Settlement Matrix as published by ISDA from time to time. The version of the Credit Derivatives Physical Settlement Matrix from which such terms are incorporated is as set out in the applicable Pricing Supplement. Other than those terms specifically contemplated in the Credit Linked Conditions and the applicable Pricing Supplement, none of the other terms contemplated in the Credit Derivatives Physical Settlement Matrix shall be incorporated into the terms of the Credit Linked Notes.

This Offering Memorandum contains Credit Linked Conditions with terms based on the 2014 ISDA Credit Derivatives Definitions (the "**2014 ISDA Definitions**"). The Issuer has determined that certain provisions of the 2014 ISDA Definitions, which are intended for use by market participants in "over the counter" transactions, require amendment when incorporated in the terms of an offering of securities such as the Notes. The terms and conditions of the Notes also afford the Calculation Agent and the Issuer (as applicable) discretion in respect of determining certain terms that differs in substance in comparison to corresponding terms contemplated in the 2014 ISDA Definitions, including, without limitation, the date

on which an Event Determination Date or Valuation Date will fall (which may be determined, *inter alia*, by reference to the hedging arrangements). Therefore, a prospective investor should understand that the 2014 ISDA Definitions are not incorporated by reference herein or in the Credit Linked Conditions. Consequently, investing in Credit Linked Notes is not necessarily equivalent to investing in a credit default swap that incorporates the 2014 ISDA Definitions and the Credit Derivatives Physical Settlement Matrix.

Credit Event, Credit Event Backstop Date, Succession Event and Successor Backstop Date

In respect of a Credit Event relating to a series of Credit Linked Notes, a Credit Event may not be triggered unless a request is submitted to ISDA for the relevant Credit Derivatives Determinations Committee to consider whether the relevant event constitutes a Credit Event within 60 calendar days of the occurrence of such potential Credit Event unless an Event Determination Date has already occurred with respect to such event.

For the purposes of the succession provisions the look-back period is 90 calendar days (unless adjusted by the Calculation Agent in its discretion) and functions similarly. These provisions mean that it is possible that the Credit Linked Notes could be affected by a Credit Event or succession that took place prior to the Trade Date.

Extension of Maturity Date

Where an Event Determination Date has not occurred in each case on or prior to the Scheduled Maturity Date but (a) the Repudiation/Moratorium Extension Condition has been satisfied, (b) a Potential Failure to Pay has occurred or (c) if on the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date (as applicable) the Calculation Agent determines that a Credit Event may have occurred or a Potential Repudiation/Moratorium may have occurred, the relevant Maturity Date of the Credit Linked Notes may be extended pursuant to the terms and conditions of the Credit Linked Notes such that investors may experience delays in receipt of payments or deliveries that would otherwise have occurred in accordance with the terms of the Credit Linked Notes.

Early Redemption upon Merger Event

If applicable, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Issuer may redeem all but not some only of the Credit Linked Notes early. If the Notes are so redeemed, the cost of unwinding any underlying hedging arrangements, as determined by the Calculation Agent in its absolute and sole discretion, will be borne by the Noteholders and reduce the amount payable to Noteholders accordingly.

Early Redemption on redemption in whole of Reference Obligation for Reference Obligation Only Notes relating to a single Reference Entity

If the Credit Linked Notes are "Reference Obligation Only" Notes relating to a single Reference Entity and the Reference Obligation is redeemed in whole, the Issuer will redeem the Credit Linked Notes early at the Early Redemption Amount.

Credit Derivatives Determinations Committees and ISDA Auctions

As further provided in the Credit Linked Conditions, the determination as to whether or not a Credit Event has occurred may be made on the basis of a determination of a committee established by ISDA pursuant to the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions (published on 12 March 2009) for the purposes of making certain determinations in connection with credit derivative transactions (a "**Credit Derivatives Determinations Committee**"). Credit Derivatives Determinations Committees apply under the 2014 ISDA Credit Derivatives Definitions and the determination as to whether or not a Credit Event has occurred may also be subject to the announcements, publications, determinations and resolutions made by those Credit Derivatives Determinations Committees (unless the Calculation Agent determines inappropriate).

Certain other determinations under the Credit Linked Notes, including without limitation determinations with respect to Successors and Substitute Reference Obligations, may also follow determinations and/or

approvals of the relevant Credit Derivatives Determinations Committee (unless the Calculation Agent determines inappropriate).

In such circumstances the relevant determination pursuant to the Credit Linked Conditions is subject to the announcements, publications, determinations and resolutions made by ISDA and/or the Credit Derivatives Determinations Committees, unless the Calculation Agent determines that it is inappropriate to follow such announcements, publications, determinations and resolutions as provided therein (see the section entitled "*Disapplication of DC Resolution*" below).

In any such cases any such announcements, publications, determinations and resolutions could therefore affect the amount and timing of payments of interest on and principal of the Credit Linked Notes or deliveries pursuant to the terms of the Credit Linked Notes. None of the Issuer, the Calculation Agent, any Dealer and any other related person will have any liability to any person for any determination or calculation and/or any delay or suspension of payments and/or redemption of the Credit Linked Notes resulting from or relating to any announcements, publications, determinations and resolutions made by ISDA and/or any of the Credit Derivatives Determinations Committees. Further information regarding the Credit Derivatives Determinations Committees can be found at www.isda.org/credit.

In certain circumstances, following the occurrence of a Credit Event if the relevant Credit Derivatives Determinations Committee determines that one or more auctions will be held in accordance with any Credit Derivatives Auction Settlement Terms published by ISDA in relation to obligations of appropriate seniority of the Reference Entity (unless the Calculation Agent determines that any such auction is not relevant to the Notes) Credit Linked Notes may be redeemed by the Issuer by payment of an amount linked to the value determined pursuant to the relevant auction. Investors should note that the value determined pursuant to such auction (if applicable) will be determined by reference to obligations of the Reference Entity which may not include the Reference Obligation and such value may be lower than the market value that would otherwise have been determined in respect of the Reference Obligation. In addition, if the Credit Event is a Restructuring Credit Event, in certain circumstances the auction determined to be applicable may be for obligations of the Reference Entity of considerably longer tenor than the Reference Obligation, and as a result it is very likely that the value determined pursuant to such auction will be lower than the market value that would otherwise have been determined in respect of the Reference Obligation.

If a Reference Obligation is a subordinated debt obligation, investors in the Notes should be aware that, on the occurrence of a Credit Event, the value of that Reference Obligation or the value determined pursuant to the auction in respect of obligations of appropriate seniority (being subordinated obligations) and (if the Credit Event is a restructuring) tenor of the relevant Reference Entity, as applicable, will be less than that of senior unsecured obligations of the Reference Entity and therefore the amount (if any) payable to investors in the Notes on redemption following a Credit Event will be lower (and is more likely to be zero) than if that Reference Obligation were a senior unsecured obligation.

The market price of such Notes may be volatile and may be affected by, among other things, the creditworthiness of the Reference Entity (which in turn may be affected by the economic, financial and political events in one or more jurisdictions) and the time remaining until maturity.

Disapplication of DC Resolution

The Calculation Agent may in certain circumstances taking into account the terms of the Credit Linked Notes and such other factor(s) as it deems appropriate, determine that a DC Resolution is inappropriate to follow for the purposes of the Credit Linked Notes including in relation to the determination of whether a Credit Event has occurred and the determination of a Successor.

Risks relating to Auction Settlement of Credit Linked Notes

Where Auction Settlement is specified as the applicable Settlement Method in respect of a Series of Notes and an Auction Final Price Determination Date occurs, 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.

Auction Final Price and the Issuer's ability to influence the Auction Final Price

If Credit Linked Notes are redeemed or cancelled, as applicable, following the occurrence of a Credit Event, the amount payable in respect of the Notes may be determined by reference to the Auction Final Price determined according to an auction procedure set out in the applicable Transaction Auction Settlement Terms. 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), the Issuer or the Calculation Agent (or any Affiliate of any of them) shall be under no obligation to consider the interests of any Noteholder.

Physically Settled Credit Linked Notes

Where the Notes provide for physical delivery or where Auction Settlement is the applicable Settlement Method and physical delivery is the applicable Fallback Settlement Method (each as specified in the applicable Pricing Supplement), the Issuer may determine that the Deliverable Obligations 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, contractual restrictions, statutory restrictions or market conditions but excluding the non-receipt of any requisite consents with respect to the delivery of assets which are loans or non-delivery of an Asset Transfer Notice or any information by a Noteholder) it is impossible or illegal to deliver on the Credit Settlement Date ("**Undeliverable Obligations**"), or (b) assets which the Issuer and/or any affiliate and/or agent has not received under the terms of any underlying or related asset(s), transaction(s) and/or trading position(s) or arrangements entered into by the Issuer and/or such Affiliate and/or agent (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 or funding of the Issuer in issuing and performing its obligations in respect of the Notes ("**Hedge Disruption Obligations**"). 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 purchasers should carefully review the Conditions of the Notes and the applicable Pricing Supplement to ascertain whether and how such provisions should apply to the Notes.

In the event of a Credit Event, Noteholders may receive Deliverable Obligations which may be in default. In this case, under the terms of the applicable Pricing Supplement, the Issuer will be free to deliver any obligations of the Reference Entity in respect of which such Credit Event has occurred (whether as principal, guarantor or otherwise) which satisfy the requirements for a Deliverable Obligation. Since the Deliverable Obligations will be issued, guaranteed or insured (as applicable in the context of the relevant Notes) by the Reference Entity affected by a Credit Event, the value of such Deliverable Obligations at the relevant time may be considerably less than would be the case if a Credit Event had not occurred and such obligations may be in default at the time of delivery. Further, in selecting such obligations the Issuer will not be required to consider the interests of the Noteholders or mitigate the Noteholders' losses. The Issuer may have complete discretion to select the cheapest obligations of the Reference Entity so long as such obligations satisfy the requirements for a Deliverable Obligation.

No Investigation or Due Diligence of Reference Entities

No investigation, due diligence or other enquiries have been made by the Issuer, the Calculation Agent, any Dealer or any other related person in respect of any Reference Entity (including its existing or future creditworthiness) or any Reference Obligation, Obligation, Deliverable Obligation or other obligations of the Reference Entity (as applicable). No representations, warranties or undertakings whatsoever have

been or will be made by the Issuer, the Calculation Agent, any Dealer or any other related person in respect of the Reference Entity (including its existing or future creditworthiness) or any Reference Obligation, Obligation, Deliverable Obligation or other obligations of the Reference Entity (as applicable). Prospective investors in Credit Linked Notes should make their own evaluation as to the creditworthiness of each Reference Entity and the likelihood of the occurrence of a Credit Event.

Sovereign Reference Entities

Credit Linked Notes may be linked to the credit of one or more sovereign or governmental entity or quasi-governmental entity, and therefore payment of amounts due or delivery of any assets pursuant to the terms and conditions of the Credit Linked Notes, including any applicable interest payments, may be subject to sovereign risks. These include the potential default by such sovereign, government/quasi government issuer or the occurrence of political or economic events resulting in or from governmental action such as the declaration of a moratorium on debt repayment or negating repayment obligations of the sovereign issuer. If any such event were to occur, holders of such Credit Linked Notes may lose up to all of their initial investment in such Credit Linked Notes.

No Claim against any Reference Entity and no voting rights

Holders of Credit Linked Notes will have no right to vote or exercise any other right or remedy with respect to the Reference Entity(ies) or any of its obligations. A Credit Linked Note will not represent a claim against any Reference Entity in respect of which any amount of principal and/or interest payable or, if Physical Settlement is the applicable settlement method for the Credit Linked Notes, the amount of assets deliverable in respect of the Credit Linked Notes, is dependent and, in the event that the amount paid by the Issuer or value of the specified assets delivered on settlement of the Credit Linked Notes is less than the principal amount of the Credit Linked Notes, a Noteholder will not have recourse under a Credit Linked Note to the Issuer or any Reference Entity.

An investment in Credit Linked Notes linked to one or more Reference Entities may entail significant risks which are not associated with investments associated with conventional debt securities, including but not limited to the risks set out in this section. The amount paid or value of the specified assets delivered by the Issuer on redemption or settlement of such Credit Linked Notes may be less than the principal amount of the Credit Linked Notes, together with any accrued interest, and may in certain circumstances be zero.

Risks associated with Equity Linked Notes

An investment in Equity Linked Notes entails significant risks in addition to those associated with investments in a conventional debt security.

Factors affecting the performance of Shares may adversely affect the value of the Notes

The performance of Shares is dependent upon macroeconomic factors, such as interest and price levels on the capital markets, currency developments and political factors, and company-specific factors such as earnings position, market position, risk situation, market liquidity for the Shares, shareholder structure and dividend policy.

No claim against the Share Issuer or recourse to the Shares

Equity Linked Notes do not represent a claim against or an investment in any Share Issuer and a Noteholder will not have any right of recourse under the Notes to any such company or any Shares. As Noteholders, investors will not have voting rights or rights to receive dividends, interest or other distributions, as applicable, or any other rights with respect to any underlying security or index. The Notes are not in any way sponsored, endorsed or promoted by any Share Issuer and no Share Issuer has any obligation to take into account the consequences of their actions on Noteholders. Accordingly, the issuer of a Share may take any actions in respect of such Share without regard to the interests of Noteholders, and any of these actions could adversely affect the market value of the Notes.

Market Disruption Event, Disrupted Day, Adjustments and Early Redemption or termination of Notes

The Calculation Agent may determine that a Market Disruption Event or a failure to open of an Exchange or Related Exchange has occurred or exists on a relevant date of valuation, and any consequential postponement of such date of valuation may have an adverse effect on the value of the Notes.

In addition the Calculation Agent may make adjustments to the Notes to account for relevant adjustments or events in relation to the Relevant Underlying including, but not limited to, determining a successor to the Relevant Underlying or its sponsor (in the case of an Index). In addition, in certain circumstances, the Issuer may redeem or terminate the Notes early following any such event. In this case, in relation to each Note, the Issuer will pay an amount, if any, determined as provided in the Conditions.

Prospective investors should review the Conditions to ascertain whether and how such provisions apply to the Notes and what constitutes a Market Disruption Event or relevant adjustment event.

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 Equity Linked Notes

Upon determining that a Potential Adjustment Event, Extraordinary Event or Additional Disruption Event has occurred in relation to an underlying Share or Share Issuer, the Calculation Agent has discretionary authority under the terms and conditions of the Notes to make certain determinations to account for such event.

- Potential Adjustment Events include (A) a sub-division, consolidation or re-classification of the Shares, (B) an extraordinary dividend, (C) a call of the Shares that are not fully paid, (D) a repurchase by the issuer, or an affiliate thereof, of the Shares, (E) a separation of rights from the Shares or (F) any event having a dilutive or concentrative effect on the value of the Shares.
- Extraordinary Events include (A) a merger event entailing the consolidation of the Shares with those of another entity, (B) a tender offer or takeover offer that results in transfer of the Shares to another entity, (C) a nationalisation of the issuer of the Shares or transfer of the Shares to a governmental entity, (D) an insolvency (where all the Shares of the Share Issuer are transferred to a trustee, liquidator or similar official or may not be legally transferred) or bankruptcy of the issuer of the Shares, or (E) a delisting of the Shares on an exchange.
- Additional Disruption Events include (A) a change in applicable law since the Issue Date that makes it illegal to hold, acquire or dispose of the Shares or (if specified to be applicable in the relevant Pricing Supplement) more expensive for the Issuer to hedge its obligations under the relevant Notes or (B) if specified to be applicable in the relevant Pricing Supplement, (I) a "Hedging Disruption" or "Increased Cost of Hedging", meaning that the hedging entity is unable, after using commercially reasonable efforts, or would incur a materially increased amount of cost, to (1) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of the Issuer issuing and the Issuer performing its obligations with respect to or in connection with the relevant Notes, or (2) realise, recover or remit the proceeds of any such transaction(s) or asset(s) or (II) a "Loss of Stock Borrow" or "Increased Cost of Stock Borrow", meaning that the Hedging Party is unable, after using commercially reasonable efforts, or would incur a materially increased amount of cost, to borrow (or maintain a borrowing of) Shares or of any financial instrument or contract providing exposure to the Shares or Index or Indices with respect to the Notes in an amount which the Issuer deems necessary to hedge the risk of entering into and performing its obligations with respect to the Notes.

Determinations made by the Calculation Agent in respect of Additional Disruption Events may have an adverse effect on the value of the Equity Linked Notes

Upon determining that an Additional Disruption Event has occurred in relation to an underlying Share or Share Issuer, the Calculation Agent has discretionary authority under the terms and conditions of the Notes to make certain determinations to account for such event including to (i) make adjustments to the terms of the Notes and/or (ii) cause early redemption of the Notes, any of which determinations may have an adverse effect on the value of the Notes.

Noteholders may receive physical settlement 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 holders of the Notes, such Noteholders will receive such Shares rather than a monetary amount upon maturity. Such Noteholders will therefore be exposed to the issuer of such Shares and the risks associated with such Shares. The Noteholder should not assume that it will be able to sell such Shares for a specific price after the redemption of the Notes, or that the sale price of the Shares will be equivalent to the purchase price of the Notes. Under certain circumstances the Shares may only have a very low value or may, in fact, be worthless. Noteholders may also be subject to certain documentary or stamp taxes in relation to the delivery and/or disposal of such Shares.

Transactions involving the Notes may have tax consequences for potential purchasers which may depend, amongst other things, upon the status of the potential purchaser and laws relating to transfer and registration taxes. Stamp duty, stamp duty reserve tax and/or similar transfer taxes may be payable on any conveyance or transfer (actual or deemed) or agreement to transfer assets in cases where obligations of the Issuer under the Notes are or may be physically settled. Transactions involving Notes may be subject to United Kingdom stamp duty or stamp duty reserve tax, and are subject to the risk that instruments effecting or evidencing transfers of Notes and executed in the United Kingdom may not be admissible in evidence in civil proceedings unless duly stamped. An instrument of transfer executed outside the United Kingdom is also subject to the risk that it may be inadmissible in United Kingdom civil proceedings unless duly stamped after it has been first received in the United Kingdom.

Risks associated with depositary receipts as Relevant Underlying

An investment in Notes linked to depositary receipts (comprising American depositary receipts or global depositary receipts) entails significant risks in addition to those associated with other Equity Linked Notes and with investments in a conventional debt security.

Exposure to risk that redemption amounts do not reflect direct investment in the shares underlying the depositary receipts

There are important differences between the rights of holders of depositary receipts and the rights of holders of shares of the Underlying Share Issuer represented by such depositary receipts. A depositary receipt is a security that represents shares of the relevant Underlying Share Issuer. The relevant deposit agreement for the depositary receipt sets forth the rights and responsibilities of the Depositary (being the issuer of the depositary receipt), the Underlying Share Issuer and holders of the depositary receipt which may be different from the rights of holders of the Underlying Shares. For example, the Underlying Share Issuer may make distributions in respect of its Underlying Shares that are not passed on to the holders of its depositary receipts. Any such differences between the rights of holders of the depositary receipts and holders of the Underlying Shares of the Underlying Share Issuer may be significant and may materially and adversely affect the value of the relevant Notes.

Exposure to the risk of non-recognition of beneficial ownership of the Underlying Shares and therefore generally do not include dividends

The legal owner of the Underlying Shares is the custodian bank which at the same time is the issuing agent of the depositary receipts. Depending on the jurisdiction under which the depositary receipts have been issued and the jurisdiction to which the custodian agreement is subject, it is possible that the corresponding jurisdiction would not recognise the purchaser of the depositary receipts as the actual beneficial owner of the Underlying Shares. Particularly in the event that the custodian becomes insolvent or that enforcement measures are taken against the custodian following a default by it, it is possible that an order restricting free disposition could be issued with respect to the Underlying Shares or that such shares are realised within the framework of an enforcement measure against the custodian. If this is the case, the holder of the depositary receipt loses the rights under the Underlying Shares and the Notes would become worthless.

Potential exposure to risks of emerging markets

Depository receipts often represent shares of Underlying Share Issuers based in emerging market jurisdictions.

Distributions on the Underlying Shares may not be passed on to holders of depository receipts

An issuer of the Underlying Shares may make distributions in respect of its shares that are not passed on to holders of its depository receipts in respect of such shares.

Adjustment to the terms and conditions or replacement of the Relevant Underlying following certain corporate events in relation to the Underlying Shares may materially and adversely affect the value of the Notes

Following certain corporate events specified in the terms and conditions of the relevant Notes relating to the Underlying Shares or the relevant issuer of such Underlying Shares, such as a merger where the relevant company is not the surviving entity, the amount a Noteholder will receive, if any, at maturity of such Notes may be adjusted by the Calculation Agent or the affected Underlying Shares and depository receipts may be replaced by another Relevant Underlying. The occurrence of such corporate events and the consequential amendments may materially and adversely affect the value of the Notes.

Exposure to changes in the rate of exchange between the currency of the depository receipt and the Underlying Share

Where the currency of the depository receipt is different from that of the underlying Share, Noteholders linked to such depository receipt may be exposed not only to the performance of the depository receipt but also to the performance of the relevant foreign currency of the Underlying Share, which cannot be predicted.

Risks associated with Indices as Relevant Underlying

An investment in Notes which are linked to one or more Indices entails significant risks in addition to those associated with investments in a conventional debt security.

Factors affecting the performance of Indices may adversely affect the value of the Notes

Indices are comprised of a synthetic portfolio of shares or other assets, and as such, the performance of an Index is dependent upon the macroeconomic factors relating to the shares or other components that comprise such Index, which may include interest and price levels on the capital markets, currency developments, political factors and (in the case of shares) company-specific factors such as earnings position, market position, risk situation, market liquidity for the Shares, shareholder structure and dividend policy.

Exposure to the risk that 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 be the same as the return an investor would realise if such investor 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, save where 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, investors may receive a lower return on Notes linked to Indices than they would have received if they had invested in the components of such Indices directly.

Loss of return of dividends in respect of most Notes linked to equity Indices

The rules governing the composition and calculation of the relevant underlying Index might stipulate that dividends distributed on its components are not included in the calculation of the index level, which may result in a decrease in the index level if all other circumstances remain

the same. In such cases the Noteholders will not participate in dividends or other distributions paid on the components comprising the Index. Even if the rules of the relevant underlying Index provide that distributed dividends or other distributions of the components are reinvested in the Index, in some circumstances the dividends or other distributions may not be fully reinvested in such Index.

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

The sponsor of any Index may 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 Noteholder under 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 Notes and will have no obligation to any Noteholder. The sponsor of an Index may take any actions in respect of such Index without regard to the interests of the Noteholders, and any of these actions could adversely affect the return on the Notes.

Exposure to Index Modification, Index Cancellation, Index Disruption and Correction of Index levels

The Calculation Agent has discretionary authority under the terms and conditions of the Notes to make certain determinations and adjustments following an Index Modification (broadly, changes in the methodology of the Index), Index Cancellation (permanent cancellation of the Index) and Index Disruption (failure to calculate and publish the level of the Index). The Calculation Agent may determine that the consequence of any such event is to make adjustments to the Notes, or to replace such Index with another or to cause early redemption of the Notes. The Calculation Agent may (subject to the terms and conditions of the relevant Notes) also amend the relevant Index level due to corrections in the level reported by the Index Sponsor. Any such determination could adversely affect the return on the Notes.

Foreign Exchange Risks related to the Notes

Exchange rates and exchange controls may affect the value or return of the Notes

General Exchange Rate and Exchange Control Risks

An investment in a Note denominated in, or the payment of which is linked to the value of, currencies other than the investor's home currency entails significant risks. These risks include the possibility of significant changes in rates of exchange between its home currency and the other relevant currencies and the possibility of the imposition or modification of exchange controls by the relevant governmental authorities. These risks generally depend on economic and political events over which the Issuers has no control. Noteholders should consult their financial and legal advisors as to any specific risks entailed by an investment in Notes that are denominated or payable in, or the payment of which is linked to the value of, a currency other than the currency of the country in which such investor resides or in which such investor conducts its business, which is referred to as their home currency. Such Notes are not appropriate investments for investors who are not sophisticated in foreign currency transactions.

Exchange Rates Will Affect the Investor's Investment

In recent years, rates of exchange between some currencies have been highly volatile and this volatility may continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of the Notes. Depreciation against the investor's home currency or the currency in which the Notes are payable would result in a decrease in the effective yield of the Notes below its coupon rate and could result in an overall loss to an investor on the basis of the investor's home currency. In addition, depending on the specific terms of a FX Linked Note, changes in exchange rates relating to any of the relevant currencies could result in a decrease in its effective yield and in the investor's loss of all or a substantial portion of the value of that Note.

The Issuer Has No Control Over Exchange Rates

Currency exchange rates can either float or be fixed. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to each other. However, from time to time governments may use a variety of techniques, such as intervention by a country's central bank, the imposition of regulatory controls or taxes, or changes in interest rate to influence the exchange rates of their currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by a devaluation or revaluation of a currency. These governmental actions could change or interfere with currency valuations and currency fluctuations that would otherwise occur in response to economic forces, as well as in response to the movement of currencies across borders.

As a consequence, these government actions could adversely affect yields or payouts in the investor's home currency for (i) Notes denominated or payable in currencies other than U.S. dollars and (ii) FX Linked Notes.

The Issuer 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 any currency. The investor will bear those risks.

Some Currencies May Become Unavailable

Governments have imposed from time to time, and may in the future impose, exchange controls that could also affect the availability of a Specified Currency (as defined herein). Even if there are no actual exchange controls, it is possible that the applicable currency for any security would not be available when payments on that security are due.

Currency Exchange Information may be provided in the Pricing Supplement

The applicable Pricing Supplement or Offering Memorandum supplement, where relevant, may include information with respect to any relevant exchange controls and any relevant historic exchange rate information for any Note. The investor should not assume that any historic information concerning currency exchange rates will be representative of the range of, or trends in, fluctuations in currency exchange rates that may occur in the future.

FX Disruption Events and Additional Disruption Events

The Calculation Agent may determine that an FX Disruption Event has occurred or exists on a relevant date of valuation, and any consequential postponement of such date of valuation may have an adverse effect on the value of the Notes.

Following the occurrence of an Additional Disruption Event, the Issuer may redeem the Notes early. If the Notes are so redeemed, the cost of unwinding any underlying hedging arrangements, as determined by the Calculation Agent in its absolute and sole discretion, will be borne by the Noteholders and reduce the amount payable to Noteholders accordingly. If the Issuer determines that the relevant Notes shall continue, the Calculation Agent may make adjustments to the Notes to account for Additional Disruption Event.

Prospective investors should review the Conditions to ascertain whether and how such provisions apply to the Notes and what constitutes an FX Disruption Event or an Additional Disruption Event.

Determinations made by the Calculation Agent in respect of Additional Disruption Events may have an adverse effect on the value of the FX Linked Notes

Upon determining that an Additional Disruption Event has occurred in relation to an underlying Share or Share Issuer, the Calculation Agent has discretionary authority under the terms and conditions of the Notes to make certain determinations to account for such event including to (i) make adjustments to the terms of the Notes and/or (ii) cause early redemption of the Notes, any of which determinations may have an adverse effect on the value of the Notes.

Risks relating to Notes denominated in Renminbi

Set out below is a description of the principal risks which may be relevant to an investor in Notes denominated in Renminbi ("Renminbi Notes"): Renminbi is not freely convertible; there are significant restrictions on the remittance of Renminbi into and outside the PRC and this may adversely affect the liquidity of the Renminbi Notes

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar despite the significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. However, remittance of Renminbi by foreign investors into the PRC for purposes such as capital contributions, known as capital account items, is generally only permitted upon obtaining specific approvals from the relevant authorities on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

There is no assurance that the PRC government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, the Issuer will need to source Renminbi offshore to finance its obligations under the Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service Renminbi Notes.

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

While the People's Bank of China (the "PBOC") has established Renminbi clearing and settlement mechanisms for participating banks in various countries, through settlement agreements on the clearing of Renminbi business (the "Settlement Agreements") with financial institutions in a number of financial centres and cities (each, a "Renminbi Clearing Bank"), the current size of Renminbi-denominated financial assets outside the PRC is limited.

There are restrictions imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The RMB Clearing Banks only have access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions, and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the RMB Clearing Banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of Renminbi Notes. To the extent the Issuer is required to source Renminbi outside the PRC to service Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in Renminbi Notes is subject to exchange rate risks

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions and by many other factors. All payments of interest and principal with respect to Renminbi Notes will be made in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments in U.S. dollar or

other foreign currency terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of an investment in Renminbi Notes in U.S. dollar or other applicable foreign currency terms will decline.

Payments in respect of Renminbi Notes will only be made to investors in the manner specified in such Renminbi Notes

Investors may be required to provide certification and other information (including Renminbi account information) in order to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in the RMB Settlement Centre(s) (as defined below). Except in the limited circumstances stipulated in Condition 6(i) (as set out in the RMB provisions below), all Renminbi payments to investors in respect of Renminbi Notes will be made solely: (i) for so long as such Notes are represented by a Temporary Bearer Global Note, a Permanent Bearer Global Note or a Global Certificate held with the common depository, for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in the RMB Settlement Centre(s) in accordance with prevailing Euroclear and Clearstream, Luxembourg rules and procedures or those of such alternative clearing system; or (ii) for so long as such Notes are in definitive form, by transfer to a Renminbi bank account maintained in the RMB Settlement Centre(s) in accordance with prevailing rules and regulations. Other than as described in the Conditions, the Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

Gains on the transfer of Renminbi Notes may become subject to income taxes under PRC tax laws

Under the PRC Enterprise Tax Law, the PRC Individual Tax Law and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of Renminbi Notes by non-PRC resident enterprise or individual holders may be subject to PRC enterprise income tax ("**EIT**") or PRC individual income tax ("**IIT**") if such gain is regarded as income derived from sources within the PRC. The PRC Enterprise Income Tax Law levies EIT at the rate of 20 per cent. of the gains derived by such non-PRC resident enterprise or individual holder from the transfer of Renminbi Notes but its implementation rules have reduced the enterprise income tax rate to 10 per cent. The PRC Individual Tax Law levies IIT at a rate of 20 per cent. of the gains derived by such non-PRC resident or individual holder from the transfer of Renminbi Notes.

However, uncertainty remains as to whether the gain realised from the transfer of Renminbi Notes by non-PRC resident enterprise or individual holders would be treated as income derived from sources within the PRC and become subject to the EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for the avoidance of double taxation, holders who are residents of Hong Kong, including enterprise holders and individual holders, will not be subject to EIT or IIT on capital gains derived from a sale or exchange of the Notes.

Therefore, if non-PRC enterprise or individual resident holders are required to pay PRC income tax on gains derived from the transfer of Renminbi Notes, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual resident holders of Renminbi Notes reside that reduces or exempts the relevant EIT or IIT, the value of their investment in Renminbi Notes may be materially and adversely affected.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Offering Memorandum and form part of this Offering Memorandum:

- (a) PricewaterhouseCoopers (Abu Dhabi Branch)'s report and the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2016, including the information set out at the following pages in particular:

Balance Sheet.....	Page 8
Profit and Loss Account.....	Page 9
Notes to the consolidated financial statements	Pages 13 to 96
Audit Report	Pages 2 to 7

- (b) KPMG Lower Gulf Limited's report and the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2015, including the information set out at the following pages in particular:

Balance Sheet.....	Page 4
Profit and Loss Account.....	Page 5
Accounting Principles and Notes	Pages 9 to 92
Audit Report	Pages 2 to 3

- (c) KPMG Lower Gulf Limited's report and the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2014, including the information set out at the following pages in particular:

Balance Sheet.....	Page 3
Profit and Loss Account	Page 4
Accounting Principles and Notes	Pages 8 to 87
Audit Report	Page 2

The Issuer maintains its accounts in AED and prepares its financial statements in accordance with IFRS.

Following the publication of this Offering Memorandum a supplement may be prepared by the Issuer. 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), modify or supersede statements contained in this Offering Memorandum or in a document which is incorporated by reference in this Offering Memorandum. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Memorandum.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Memorandum shall not form part of this Offering Memorandum.

Copies of documents incorporated by reference in this Offering Memorandum can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London and have been made available at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

Any non-incorporated parts of a document referred to herein are either not relevant for an investor or are otherwise covered elsewhere in this Offering Memorandum.

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

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of Part A of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the relevant Pricing Supplement, or (ii) these terms and conditions as so completed (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The following are the terms and conditions of the Notes (the "**Conditions**") which will include the additional terms and conditions contained in Annex 1 in the case of Credit Linked Notes (the "**Credit Linked Conditions**"), Annex 2 in the case of Equity Linked Notes (the "**Equity Linked Conditions**"), and Annex 3 in the case of FX Linked Notes (the "**FX Linked Conditions**"). The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or, to the extent inconsistent with the following Conditions, replace or modify the following Conditions for the purpose of such Notes.

The Notes are issued pursuant to an agency agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 15 February 2017 between the Issuer, The Bank of New York Mellon, London Branch as fiscal agent and the other agents named in it and with the benefit of a deed of covenant (as amended or supplemented as at the Issue Date, the "**Deed of Covenant**") dated 15 February 2017 executed by the Issuer in relation to the Notes. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent), the "**Registrar**", the "**Transfer Agents**" and the "**Calculation Agent(s)**". The Noteholders (as defined below), the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where such Notes have more than 27 interest payments remaining, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used in these Conditions, "**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 (a) are 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.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

In the Conditions, "**euro**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. **FORM, DENOMINATION AND TITLE**

The Notes are issued in bearer form ("**Bearer Notes**", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("**Registered Notes**") or in bearer form exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") in each case in the Specified Denomination(s) shown hereon **provided that** in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

This Note may be a Fixed Rate Note (which term shall include a Credit Linked Note which bears interest by reference to one or more fixed rates of interest), a Floating Rate Note (which term

shall include a Credit Linked Note which bears interest by reference to one or more floating rates of interest), a Zero Coupon Note, an Equity Linked Interest Note, an Equity Linked Redemption Note, an FX Linked Interest Note, or an FX Linked Redemption Note or a combination of any of the foregoing, depending upon the Interest and Redemption/Payment Basis shown in the relevant Pricing Supplement.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

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

2. **EXCHANGES OF EXCHANGEABLE BEARER NOTES AND TRANSFERS OF REGISTERED NOTES**

(a) *Exchange of Exchangeable Bearer Notes*

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Coupons and Talons relating to it, at the specified office of any Transfer Agent; **provided, however, that** where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 6(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) *Transfer of Registered Notes*

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and

entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) *Exercise of Options or Partial Redemption in Respect of Registered Notes*

In the case of an exercise of any Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) *Delivery of New Certificates*

Each new Certificate to be issued pursuant to Conditions 2(a), 2(b) or 2(c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 5(f)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) *Exchange Free of Charge*

Exchange and transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) *Closed Periods*

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(e), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3. **STATUS OF THE NOTES**

The Notes and the Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves.

4. **INTEREST AND OTHER CALCULATIONS**

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note (other than where the Specified Currency is Renminbi and the relevant Pricing Supplement specifies a Business Day Convention to be applicable) bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date.

Where the Specified Currency of a Fixed Rate Note is Renminbi and the relevant Pricing Supplement specifies a Business Day Convention to be applicable (each an "**Adjusted Renminbi Fixed Rate Note**"), that Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. For this purpose, "**Interest Payment Date**" means the Interest Payment Date(s) specified as such in the relevant Pricing Supplement as adjusted in accordance with the applicable Business Day Convention. The amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such Interest Payment Date will be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of that Adjusted Renminbi Fixed Rate Note by the applicable Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 being rounded upwards. Each such calculation will be made by the Calculation Agent. For this purpose, "**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified hereon and except as otherwise specified hereon, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified hereon.

(b) *Interest on Floating Rate Notes, Equity Linked Interest Notes and FX Linked Interest Notes*

(i) *Interest Payment Dates*

Each Floating Rate Note, Equity Linked Interest Note and FX Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention*

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into

the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that 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.

(iii) *Rate of Interest*

The Rate of Interest in respect of Floating Rate Notes, Equity Linked Interest Notes and FX Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated hereon) the Margin (if any). For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the day specified in the relevant Pricing Supplement.

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

(B) *Screen Rate Determination for Floating Rate Notes*

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (i) the offered quotation; or
- (ii) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being any of LIBOR, EURIBOR or EIBOR, as specified in the relevant Pricing Supplement) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at either 11.00 a.m. (London time in the case of LIBOR, Brussels time in the case of EURIBOR or Abu

Dhabi time in the case of EIBOR) on the Interest Determination Date in question as determined by the Calculation 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 Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(y) If the Relevant Screen Page is not available or if, subparagraph (x)(i) applies and no such offered quotation appears on the Relevant Screen Page or if subparagraph (x)(ii) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is EIBOR, the principal Abu Dhabi or Dubai office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is EIBOR, at approximately 11.00 a.m. (Abu Dhabi time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

(z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is EIBOR, at approximately 11.00 a.m. (Abu Dhabi time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or, if the Reference Rate is EIBOR, the United Arab Emirates inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified

Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is EIBOR, at approximately 11.00 a.m. (Abu Dhabi time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Fiscal Agent and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or, if the Reference Rate is EIBOR, the United Arab Emirates inter-bank market as the case may be, **provided that**, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(c) *Zero Coupon Notes*

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)(i)).

(d) *Accrual of Interest*

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date.

(e) *Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and Rounding*

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such

currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the country of such currency.

(f) *Calculations*

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(g) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts*

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or any Optional Redemption Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(a) (in the case of Adjusted Renminbi Fixed Rate Notes) or Condition 4(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(h) *Definitions*

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

"**Business Day**" means:

- (i) in the case of a currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

- (ii) in the case of euro, a day on which the TARGET2 system is operating (a "**TARGET2 Business Day**"); and/or
- (iii) in the case of Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settlement payments in the applicable RMB Settlement Centre(s) (as defined below); and/or
- (iv) in the case of a currency and/or one or more Business Centres specified in the relevant Pricing Supplement (if any), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) specified in the relevant Pricing Supplement (if any) or, if no currency is indicated, generally in each of the Business Centres;

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period, the "**Calculation Period**"):

- (i) if "**Actual/Actual**" or "**Actual/Actual – ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if "**Actual/365 (Sterling)**" is specified hereon, 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;
- (iv) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Pricing Supplement, 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:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

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

- (vi) if "30E/360" or "Eurobond Basis" is specified in the relevant Pricing Supplement, 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:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

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

- (vii) if "30E/360 (ISDA)" is specified in the relevant Pricing Supplement, 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:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

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

"D2" is the calendar day, expressed as a number, immediately following the last day included in the 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 D2 will be 30;

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

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

"Determination Date" means the date specified as such hereon or, if none is so specified, the Interest Payment Date;

"Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended;

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

"Interest Amount" means the amount of interest payable, and in the case of Fixed Rate Notes (other than Adjusted Renminbi Fixed Rate Notes), means the Fixed Coupon Amount or Broken Amount, as the case may be;

"Interest Commencement Date" means the Issue Date or such other date as may be specified hereon;

"Interest Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET2 Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro or (iv) the day falling two Business Days in Abu Dhabi prior to the first day of such Interest Accrual Period if the Specified Currency is United Arab Emirates dirhams;

"Interest Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"Interest Period Date" means each Interest Payment Date;

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.;

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, and, in the case of a determination of EIBOR, the principal Abu Dhabi or Dubai office of four major banks in the United Arab Emirates inter-bank market, in each case selected by the Calculation Agent or as specified hereon;

"**Reference Rate**" means the rate specified as such hereon;

"**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, **provided that** payment is in fact made upon such presentation;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon;

"**RMB Settlement Centre(s)**" means the financial centre(s) specified as such in the applicable Pricing Supplement in accordance with applicable laws and regulations. If no RMB Settlement Centre is specified in the relevant Pricing Supplement, the RMB Settlement Centre shall be deemed to be Hong Kong.

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated; and

"**TARGET2 System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto.

(i) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the relevant Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Fiscal 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 relevant Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the relevant Pricing Supplement), 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 Fiscal 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.

(j) *Calculation Agent*

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in

respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money or swap market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5. REDEMPTION, PURCHASE AND OPTIONS

(a) *Final Redemption*

Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 5(e) or 5(f), each Note (unless it is an Equity Linked Redemption Note, FX Linked Redemption Note or Credit Linked Note) shall be finally redeemed on the Maturity Date specified in the relevant Pricing Supplement at its Final Redemption Amount specified in the relevant Pricing Supplement.

(b) *Early Redemption*

(i) *Zero Coupon Notes*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 5(c) or Condition 5(d) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c) or Condition 5(d) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Notes*

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above, Equity Linked Redemption Notes, FX Linked Redemption Notes and Credit Linked Notes), upon redemption of such Note pursuant to Condition 5(c) or Condition 5(d) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount. The Early Redemption Amount in respect of Equity Linked Redemption Notes, FX Linked Redemption Notes and Credit Linked Notes shall be determined in accordance with the detailed terms and conditions set out in the applicable Pricing Supplement.

(c) *Redemption for Illegality Reasons*

In the event that the Issuer determines in good faith that either the performance of its obligations under a Series of Notes or that any arrangements made to hedge its position under such Notes has or will become unlawful, illegal, or otherwise prohibited in whole or in part under any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, the Issuer may, having given not more than 30 nor less than 3 days' notice to Noteholders in accordance with Condition 14 (which notice shall be irrevocable), redeem all, but not some only, of the Notes of such Series, each Note being redeemed at the relevant Early Redemption Amount together with, if so specified in the applicable Pricing Supplement, accrued interest.

(d) *Redemption for Taxation Reasons*

In the event that the Issuer determines in good faith that either the performance of its obligations under a Series of Notes or that any arrangements made to hedge its position under such Notes has resulted in or will result in (following a change in any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof), the Issuer or any affiliate not being entitled to tax relief in respect of any losses, costs or expenses incurred in relation to such Notes or hedging arrangements, the Issuer may, having given not more than 30 nor less than 3 days' notice to Noteholders in accordance with Condition 14 (which notice shall be irrevocable), redeem all, but not some only, of the Notes of such Series, each Note being redeemed at the relevant Early Redemption Amount together with, if so specified in the applicable Pricing Supplement, accrued interest.

(e) *Redemption at the Option of the Issuer*

If Call Option is specified hereon, the Issuer may, on giving not less than the minimum period nor more than the maximum period of notice specified in the relevant Pricing Supplement to the Noteholders redeem all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(f) *Redemption at the Option of Noteholders*

- (i) If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than the minimum period nor more than the maximum period of notice specified in the relevant Pricing Supplement to the Issuer redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together (where applicable) with interest accrued to the date fixed for redemption.
- (ii) To exercise any option pursuant to paragraph (i) above, the holder must deposit (in the case of a Bearer Note) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of a Registered Note) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period or the relevant Redemption Period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(g) *Purchases*

The Issuer and any of its subsidiaries may, at any time purchase Notes (**provided that** all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(h) *Cancellation*

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

6. **PAYMENTS AND TALONS**

(a) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET2 System.

(b) *Registered Notes*

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note

shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(c) *Payments in the United States*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) 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 of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) *Payments Subject to Fiscal Laws*

All payments are subject in all cases (i) to any applicable fiscal or other laws, regulations and directives applicable thereto in the place of payment and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Appointment of Agents*

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the relevant Pricing Supplement. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, **provided that** the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require and (v) such other agents as may be required by any stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph 6(c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) *Unmatured Coupons and unexchanged Talons*

(i) Upon the due date for redemption Bearer Notes which comprise Fixed Rate Notes (other than Equity Linked Notes, FX Linked Notes or Credit Linked Notes) should be surrendered for payment together with all unexpired Coupons

(if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

- (ii) Upon any Fixed Rate Note, Equity Linked Note, FX Linked Note or Credit Linked Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.
- (iii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Equity Linked Note, FX Linked Note or Credit Linked Note unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iv) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(h) *Non-Business Days*

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment.

In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" in the relevant Pricing Supplement and:

- (i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the

relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency;

- (ii) (in the case of a payment in euro) which is a TARGET2 Business Day; or
- (iii) (in the case of Renminbi) on which the relevant RMB Settlement Centre(s) settle Renminbi payments.

(i) *RMB Currency Event*

If "**RMB Currency Event**" is specified as being applicable in the relevant Pricing Supplement and a RMB Currency Event, as determined by the Issuer acting in good faith and in a commercially reasonable manner, exists on a date for payment of any amount in respect of any Note or Coupon, the Issuer's obligation to make a payment in RMB under the terms of the Notes may be replaced by an obligation to pay such amount in the Relevant Currency specified in the relevant Pricing Supplement converted using the Spot Rate for the relevant Rate Calculation Date.

Upon the occurrence of a RMB Currency Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 14 stating the occurrence of the RMB Currency Event, giving details thereof and the action proposed to be taken in relation thereto.

For the purpose of this Condition:

"**Governmental Authority**" means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the applicable RMB Settlement Centre(s);

"**Rate Calculation Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in the applicable RMB Settlement Centre(s), London and the principal financial centre of the country of the Relevant Currency;

"**Rate Calculation Date**" means the day which is two Rate Calculation Business Days before the due date of the relevant payment under the Notes;

"**Relevant Currency**" means the relevant currency specified in the relevant Pricing Supplement;

"**Renminbi**" or "**RMB**" means the lawful currency for the time being of the People's Republic of China (the "**PRC**"), which, for these purposes, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan;

"**RMB Currency Events**" means, with respect to any Notes where the Relevant Currency is Renminbi, any one of RMB Illiquidity, RMB Non-Transferability and RMB Inconvertibility;

"**RMB Illiquidity**" means the general RMB exchange market in the applicable RMB Settlement Centre(s) becomes illiquid as a result of which the Issuer cannot obtain sufficient RMB in order to make a payment under the Notes, as determined by the Issuer in a commercially reasonable manner following consultation with two independent foreign exchange dealers of international repute active in the RMB exchange market in the applicable RMB Settlement Centre(s);

"**RMB Inconvertibility**" means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes into RMB on any payment date in the general RMB exchange market in the applicable RMB Settlement Centre(s),

other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"RMB Non-Transferability" means the occurrence of any event that makes it impossible for the Issuer to deliver RMB between accounts inside the applicable RMB Settlement Centre(s) or from an account inside the applicable RMB Settlement Centre(s) to an account outside the applicable RMB Settlement Centre(s) (including where the RMB clearing and settlement system for participating banks in the applicable RMB Settlement Centre(s) is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation); and

"Spot Rate" means the spot CNY/Relevant Currency exchange rate for the purchase of the Relevant Currency with Renminbi in the over-the-counter Renminbi exchange market in the applicable RMB Settlement Centre(s) for settlement in two Rate Calculation Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (local time at the applicable RMB Settlement Centre(s)) on the Rate Calculation Date, on a deliverable basis by reference to the Relevant Spot Rate Screen Page (Deliverable Basis), or if no such rate is available, on a non-deliverable basis by reference to the Relevant Spot Rate Screen Page (Non-deliverable Basis). If neither rate is available, the Calculation Agent shall determine the rate taking into consideration all available information which the Calculation Agent deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in the applicable RMB Settlement Centre(s) or elsewhere and the CNY/Relevant Currency exchange rate in the PRC domestic foreign exchange market.

(j) *RMB account*

Notwithstanding the foregoing, all payments in respect of any Note or Coupon in Renminbi will be made solely by credit to a Renminbi account maintained by the payee at a bank in the applicable RMB Settlement Centre(s) in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of Renminbi in the applicable RMB Settlement Centre(s)).

7. **TAXATION**

The Issuer will not be obliged to gross up any payments in respect of the Notes and will not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer or presentation and surrender for payment of any Note and all payments made by the Issuer shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

8. **PHYSICAL SETTLEMENT**

(a) *Delivery Notice*

(i) If Physical Settlement is specified in the applicable Pricing Supplement as applying in relation to any Note (other than a Credit Linked note), each Noteholder may, on or before the scheduled date for redemption thereof (or such earlier date as the Issuer shall notify to the Fiscal Agent and the Noteholders is, in its determination, necessary for the Issuer and/or the Fiscal Agent to perform their respective obligations hereunder) send to the Fiscal Agent (with a copy to the Issuer) an irrevocable notice (the **"Delivery Notice"**) in the form from time to time approved by the Issuer, which must:

- (A) specify the name and address of the Noteholder;
 - (B) specify the number of Notes held by the Noteholder;
 - (C) specify the number of the Noteholder's account to be debited with such Notes;
 - (D) irrevocably instruct and authorise (A) the Notes to be debited from the Noteholder's account on the Settlement Date and (B) that no further transfers of the Notes specified in the Delivery Notice may be made;
 - (E) contain a representation and warranty from the Noteholder to the effect that the Notes to which the Delivery Notice relates are free from all liens, charges, encumbrances and other third party rights;
 - (F) specify the number and account name of the account at the Clearing System(s) to be credited with the Asset Amount if Physical Settlement is applicable;
 - (G) contain an irrevocable undertaking (together with the necessary irrevocable instruction) to pay the Delivery Expenses (if any);
 - (H) authorise the production of the Delivery Notice in any applicable administrative or legal proceedings; and
 - (I) certify that the Notes are not being redeemed by or on behalf of a U.S. Person or a person within the United States and the Notes are not beneficially owned by a U.S. Person or a person within the United States (terms used in this Condition 8(a)(i)(I) have the meanings in Regulation S).
- (ii) A Delivery Notice, once delivered to the Fiscal Agent shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer. A Noteholder may not transfer any Note which is the subject of a Delivery Notice following delivery of such Delivery Notice to the Fiscal Agent. A Delivery Notice shall only be valid to the extent that the Fiscal Agent has not received conflicting prior instructions in respect of the Notes which are the subject of the Delivery Notice.
 - (iii) Failure to properly complete and deliver a Delivery Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided shall be made by the Issuer and shall be conclusive and binding on the Noteholder.
 - (iv) Save in relation to Delivery Notices as provided in this Condition 8(a) (*Delivery Notice*) or as the Fiscal Agent otherwise agree, the Fiscal Agent will not have any obligations in relation to delivery of any Asset Amount pursuant to this Condition 8 (*Physical Settlement*).
- (b) *Delivery Obligation*
 - (i) Subject to the other provisions of this Condition 8(b) (*Delivery Obligation*), the Issuer shall discharge its obligation to deliver the Asset Amount in respect of any Notes by delivering, or procuring the delivery of, the relevant Asset Amount on the Settlement Date to the Clearing System for credit to the account with the Clearing System specified in the Delivery Notice of the relevant Noteholder.
 - (ii) The Asset Amount to be delivered to or for the account of each Noteholder on redemption of any Notes where Physical Settlement is applicable shall be as determined in accordance with the applicable Pricing Supplement. The Issuer

may pay a residual cash amount to each Noteholder representing any fractions of securities comprising the Asset Amount.

- (iii) After delivery to or for the account of a Noteholder of the relevant Asset Amount and for such period of time as the transferor or its agent or nominee shall continue to be registered in any clearing system as the owner of the securities comprised in such Asset Amount (the "**Intervening Period**"), none of such transferor or any agent or nominee for the Issuer or such transferor shall (i) be under any obligation to deliver to such Noteholder or any other person any letter, certificate, notice, circular, dividend or any other document or payment whatsoever received by the Issuer or such transferor, agent or nominee in its capacity as holder of such securities, (ii) be under any obligation to exercise any rights (including voting rights) attaching to such securities during the Intervening Period, or (iii) be under any liability to such Noteholder or any other person in respect of any loss or damage which the Noteholder or any other person may sustain or suffer as a result, whether directly or indirectly, of the Issuer or such transferor, agent or nominee being registered in the Clearing System during such Intervening Period as legal owner of such securities.
- (iv) Any amounts in respect of dividends and interest on the securities comprising the Asset Amount to be delivered will be payable to the party that would receive such amounts according to market practice for a sale of such securities executed on the Settlement Date. Any such amounts will be paid to or for credit to the account specified by the Noteholder in the relevant Delivery Notice. No right to dividends or interest on the securities will accrue to Noteholders prior to the Settlement Date.

(c) *Settlement Disruption*

- (i) This Condition 8(c) (*Settlement Disruption*) shall apply only where Physical Settlement is applicable.
- (ii) The Calculation Agent shall determine whether or not at any time a Settlement Disruption Event has occurred in respect of securities comprised in the Asset Amount (the "**Affected Securities**") and where it determines such an event has occurred and so has prevented delivery of such Affected Securities on the original day that but for such Settlement Disruption Event would have been the Settlement Date, then the Settlement Date will be the first succeeding day on which delivery of such Affected Securities can take place through the Clearing System unless a Settlement Disruption Event prevents settlement on each of the ten (10) Clearing System Business Days immediately following the original date that, but for the Settlement Disruption Event, would have been the Settlement Date. In that case, (a) if such Affected Securities can be delivered in any other commercially reasonable manner, then the Settlement Date will be the first day on which settlement of a sale of such Affected Securities executed on that tenth Clearing System Business Day customarily would take place using such other commercially reasonable manner of delivery (which other manner of delivery will be deemed the Clearing System for the purposes of delivery of such Affected Securities), and (b) if such Affected Shares cannot be delivered in any other commercially reasonable manner, then the Settlement Date will be postponed until delivery can be effected through the Clearing System or in any other commercially reasonable manner.

(d) *Delivery Disruption*

- (i) This Condition 8(d) (*Delivery Disruption*) shall apply only where Physical Settlement is applicable.
- (ii) If the Calculation Agent determines that a Delivery Disruption Event has occurred, the Calculation Agent shall notify the Issuer who shall promptly notify the Noteholders, and the Issuer will then deliver, or procure the delivery

of, on the Settlement Date such number of securities comprised in the Asset Amount (if any) as it can deliver, or procure the delivery of, on that date and pay such amount as in the opinion of the Calculation Agent is appropriate in the circumstances by way of compensation for the non-delivery of the remainder of the securities comprised in the Asset Amount (assuming satisfaction of each applicable condition precedent) to which the Noteholders would have been entitled under the Notes but for the occurrence of such Delivery Disruption Event, in which event the entitlements of the respective Noteholders to receive securities on redemption shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon delivery of such number of securities and payment of such amount.

(iii) Where this Condition 8(d) (*Delivery Disruption*) falls to be applied, insofar as the Calculation Agent determines to be practical, the same shall be applied as between the Noteholders on a pro rata basis, but subject to such rounding down (whether of the amount of a payment or of a number of securities to be delivered) and also to such other adjustments as the Calculation Agent determines to be appropriate to give practical effect to such provisions.

(e) *Additional Definitions*

For the purposes of this Condition 8 (*Physical Settlement*):

"**Asset Amount**" has the meaning given to it in the applicable Pricing Supplement;

"**Clearing System**" means, in respect of a security comprised in the Asset Amount, the principal domestic system customarily used for settling trades in the relevant securities. If the Clearing System ceases to settle trades in such securities, the Calculation Agent will, acting in good faith and in a commercially reasonable manner, select another method of delivery;

"**Clearing System Business Day**" means, in respect of a Clearing System, any day on which such Clearing System is (or, but for the occurrence of a Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions;

"**Delivery Disruption Event**" means, as determined by the Calculation Agent, the failure or inability, due to illiquidity in the market for the securities comprised in the Asset Amount, by or of the Issuer to deliver, or procure the delivery of, on the Settlement Date all the securities comprised in the Asset Amount to be delivered on that date;

"**Delivery Expenses**" means all costs, taxes, duties and/or expenses, including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes arising from the delivery of the Asset Amount;

"**Settlement Date**" means, in respect of a security comprised in the Asset Amount to be delivered, subject to Condition 8(c) (*Settlement Disruption*), the date following the Maturity Date or any other applicable redemption date, as the case may be, which is the first day on which settlement of a sale of such security executed on that Maturity Date or other redemption date, as the case may be, customarily would take place through the relevant Clearing System, unless otherwise specified in the applicable Pricing Supplement; and

"**Settlement Disruption Event**" means, as determined by the Calculation Agent, an event which is beyond the control of the Issuer or the transferor of any relevant securities and as a result of which the Clearing System cannot receive or clear the transfer of such securities.

9. **PRESCRIPTION**

Claims against the Issuer for payment in respect of the Notes and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

Claims against the Issuer for delivery of any Asset Amount shall be prescribed and become void unless made within one year of the date on which the relevant Asset Amount becomes deliverable.

10. **EVENTS OF DEFAULT**

If any of the following events ("**Events of Default**") occurs, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable:

(a) *Non-Payment*

default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date, in the Specified Currency, of interest or principal in respect of any of the Notes; or

(b) *Winding up or Dissolution*

any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution; or

(c) *Liquidation proceedings etc.*

any court or other formal proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official (and such proceedings are not being actively contested in good faith by the Issuer), or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and in any case (other than the appointment of an administrator) is not discharged within 30 days; or

(d) *Consent to Proceedings*

the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

11. **MEETING OF NOTEHOLDERS AND MODIFICATIONS**

(a) *Meetings of Noteholders*

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary

Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum Rate of Interest or Redemption Amount, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

(b) *Modification of Agency Agreement*

The Fiscal Agent and the Issuer may agree from time to time, without the consent of the Noteholders or Couponholders, to any modification of the Agency Agreement which is not, in the sole opinion of the Issuer, prejudicial to the interests of the Noteholders and the Couponholders.

(c) *Modification of Notes and Agency Agreement*

The Fiscal Agent and the Issuer may agree from time to time, without the consent of the Noteholders or Couponholders, to any modification of the Notes (including the Conditions), the Coupons or the Agency Agreement which is, in the sole opinion of the Issuer, of a formal, minor or technical nature or is, in the sole opinion of the Issuer, made to correct a manifest error or proven error or to comply with mandatory provisions of the law.

(d) *Notification of Modifications*

Any modification pursuant to this Condition 11 shall be binding on the Noteholders and shall be notified to the Noteholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

12. **REPLACEMENT OF NOTES, CERTIFICATES, COUPONS AND TALONS**

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent in London (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the

amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

13. **FURTHER ISSUES**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes 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 (so that, for the avoidance of doubt, references in the conditions of such notes to "**Issue Date**" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, **provided that** the Issuer will not issue any additional Notes unless such additional Notes do not cause holders of Notes to become subject to any United States reporting obligation or any United States withholding tax which holders of Notes would otherwise not have been subject to had the Issuer not issued the further Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

14. **NOTICES**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

15. **CURRENCY INDEMNITY**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer as the case may be, to the extent of the amount in the currency of payment under the relevant Note or Coupon that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note or Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or Coupon or any other judgment or order.

16. **REPRESENTATIONS AND ACKNOWLEDGEMENTS BY NOTEHOLDERS**

Each Noteholder shall be deemed to represent and acknowledge to the Issuer on acquiring any Notes that:

- (a) neither the Issuer nor any affiliate or any of their agents is acting as a fiduciary for it or provides investment, tax, accounting, legal or other advice in respect of the Notes and

that such Noteholder and its advisors are not relying on any communication (written or oral and including, without limitation, opinions of third party advisors) of the Issuer or any affiliate as (i) legal, regulatory, tax, business, investment, financial, accounting or other advice, (ii) a recommendation to invest in any Notes or (iii) an assurance or guarantee as to the expected results of an investment in the Notes (it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered to be any such advice, recommendation, assurance or guarantee and should be independently confirmed by the recipient and its advisors prior to making any such investment);

- (b) such Noteholder (i) has consulted with its own legal, regulatory, tax, business, investments, financial and accounting advisors to the extent that it has deemed necessary, and has made its own investment, hedging, and trading decisions based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuer or any affiliate or any of their agents and (ii) is acquiring the Notes with a full understanding of the terms, conditions and risks thereof and it is capable of and willing to assume those risks; and
- (c) the Issuer and/or any affiliates may have banking or other commercial relationships with issuers of any securities to which the Notes relate and may engage in proprietary trading in any securities, indices, currencies or other property to which the Notes relate or options, futures, derivatives or other instruments relating thereto (including such trading as the Issuer and/or any affiliate deem appropriate in their sole discretion to hedge the market risk on the Notes and other transactions between the Issuer and/or any affiliates and any third parties), and that such trading (i) may affect the price or level thereof and consequently the amounts payable under the Notes and (ii) may be effected at any time, including on or near any valuation date or observation date.

17. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

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

18. **GOVERNING LAW AND DISPUTE RESOLUTION**

(a) *Governing Law*

The Notes, the Coupons and the Talons and any non-contractual obligation arising out of or in connection with the Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law.

(b) *Agreement to Arbitrate*

Subject to Condition 18(c), any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Notes, the Coupons and the Talons (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 them) (a "**Dispute**") shall be referred to and finally resolved by arbitration under the Arbitration Rules of the London Court of International Arbitration ("**LCIA**") (the "**Rules**"), which Rules (as amended from time to time) are incorporated by reference into this Condition. For these purposes:

- (i) the place of arbitration shall be London, England and all hearings shall take place in London, England;
- (ii) the language of the arbitration shall be English;
- (iii) there shall be three arbitrators, each of whom shall be disinterested in the arbitration and shall have no connection with any party thereto. The chairman of the arbitrators shall be a lawyer experienced in international securities transactions;

- (iv) within 15 days from receipt by the registrar of the LCIA of the response to the Request for Arbitration (as defined in the Rules), the claimant(s), irrespective of their number, shall nominate jointly one arbitrator and the respondent(s), irrespective of their number, shall nominate jointly the second arbitrator. The chairman of the arbitral tribunal shall be nominated by the two party nominated arbitrators within 15 days of the last of their appointments;
- (v) in the event that the claimant(s) and/or the respondent(s) fail to nominate an arbitrator or the party nominated arbitrators fail to agree the chairman of the arbitral tribunal within the time limits specified in this Condition, the LCIA court shall, at the written request of the claimant(s) or the respondent(s), make such appointments forthwith; and
- (vi) upon request of a party to a Dispute or any party to the Notes, which itself wishes to be joined to arbitration proceedings in relation to a Dispute, the arbitral tribunal may join any party to the Notes to arbitration proceedings in relation to that Dispute between them. Each of the parties to the Notes hereby consents to be joined to arbitration proceedings in relation to any Dispute at the request of a party to that Dispute, and to accept the joinder of a party requesting to be joined pursuant to this Condition 18(b)(vi).

(c) *Option to Litigate*

Notwithstanding Condition 18(b) above any Noteholder may, in the alternative, and at its sole discretion, by notice in writing to the Issuer:

- (i) within 60 days of service of a written request for arbitration to the Registrar of the LCIA Court (a "**Request for Arbitration**" as described more particularly in the Rules); or
- (ii) in the event no arbitration is commenced,

require that a Dispute be heard by a court of law. If any Noteholder gives such notice, the Dispute to which such notice refers shall be determined in accordance with Condition 18(d) and, subject as provided below, any arbitration commenced under Condition 18(b) in respect of that Dispute will be terminated. Each person who gives such notice and the recipient of that notice will bear its own costs in relation to the terminated arbitration.

If any notice to terminate is given after service of any Request for Arbitration in respect of any Dispute, the relevant Noteholder must also promptly give notice to the LCIA Court and to any Tribunal (each as defined in the Rules) already appointed in relation to the Dispute that such Dispute will be settled by the courts. Upon receipt of such notice by the LCIA Court, the arbitration and any appointment of any arbitrator in relation to such Dispute will immediately terminate. Any such arbitrator will be deemed to be *functus officio*. The termination is without prejudice to:

- (i) the validity of any act done or order made by that arbitrator or by the court in support of that arbitration before his appointment is terminated;
- (ii) his entitlement to be paid his proper fees and disbursements; and
- (iii) the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

(d) *Effect of Exercise of Option to Litigate*

In the event that a notice pursuant to Condition 18(c) is issued, the following provisions shall apply:

- (i) subject to paragraph (iii) below, the courts of England shall have exclusive jurisdiction to settle any Dispute and the Issuer submits to the exclusive jurisdiction of such courts;
- (ii) the Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary;
- (iii) this Condition 18(d) is for the benefit of the holders of the Notes only. As a result, and notwithstanding paragraph (i) above, any Noteholder may take proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, the holders may take concurrent Proceedings in any number of jurisdictions; and
- (iv) for the avoidance of doubt, any notice issued by a Noteholder to the Issuer pursuant to Condition 18(c) shall not bind any Noteholder other than the Noteholder or Noteholders that issued the Notice.

(e) *Service of Process*

The Issuer agrees that the process by which any Proceedings or Disputes in England are begun may be served on it by being delivered to the London branch of the Issuer at One Knightsbridge, London, SW1X 7LY or at any other address for the time being at which process may be served on it in accordance with Section 1139 of the Companies Act 2006 (as modified or re-enacted from time to time). If the Issuer ceases to have a London branch which can accept service of process on the Issuer's behalf, the Issuer shall appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent or the Registrar. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

ANNEX 1

CREDIT LINKED CONDITIONS

The terms and conditions applicable to Credit Linked Notes shall comprise the Conditions of the Notes (the "**General Conditions**") and the additional terms and conditions set out below (the "**Credit Linked Conditions**"), in each case subject to completion in the applicable Pricing Supplement. In the event of any inconsistency between the General Conditions and the Credit Linked Conditions, the Credit Linked Conditions shall prevail.

1. **General**

(a) ***Credit Terms***

The Pricing Supplement for a particular issue of Credit Linked Notes shall specify the type of Credit Linked Notes, being Single Name CLNs, Nth-to-Default CLNs, Portfolio CLNs or such other type as may be specified in the Pricing Supplement.

(b) ***Portfolio CLNs***

If the Credit Linked Notes are Portfolio CLNs, then the provisions of these Credit Linked Conditions relating to redemption of Credit Linked Notes following the occurrence of an Event Determination Date, extension of maturity of Credit Linked Notes on delivery of an Extension Notice, cessation or suspension of accrual of interest or accrual and payment of interest following the Scheduled Maturity Date shall apply separately with respect to each Reference Entity and a principal amount of each Credit Linked Note corresponding to the Reference Entity Notional Amount *divided by* the number of Credit Linked Notes then in issue. The remaining provisions of these Credit Linked Conditions shall be construed accordingly.

2. **Redemption**

(a) ***Redemption absent Occurrence of Event Determination Date***

The Issuer will redeem each Credit Linked Note on the related CLN Maturity Date (as such date may be extended in accordance with the definition thereof) by payment of an amount equal to the Final Redemption Amount of such Note (or, in the case of Portfolio CLNs, the relevant portion thereof) (together with interest, if any, payable thereon) unless:

- (i) the Credit Linked Notes have been previously redeemed or purchased and cancelled in full (including pursuant to Credit Linked Conditions 2(b), 2(d) or 2(d)); or
- (ii) an Event Determination Date occurs in respect of any Reference Entity (or, in the case of Nth-to-default CLNs, the Nth Reference Entity), in which event the Issuer shall redeem the Credit Linked Notes in accordance with Credit Linked Condition 2(b).

(b) ***Redemption following Occurrence of Event Determination Date***

Upon the occurrence of an Event Determination Date in respect of any Reference Entity (or, in the case of Nth-to-default CLNs, the Nth Reference Entity), each Credit Linked Note (or, in the case of Portfolio CLNs, the relevant portion thereof) will be subject to redemption:

- (i) if the applicable Settlement Method is "**Auction Settlement**", by payment of its *pro rata* share of the Auction Settlement Amount on the Auction Settlement Date, unless a Fallback Settlement Event occurs, in which event the Issuer shall perform its respective payment and/or delivery obligations in accordance with the applicable Fallback Settlement Method, except that, if an Event Determination Date occurs with respect to a new Credit Event following the occurrence of a Fallback Settlement Event with respect to a first Credit Event and no Fallback Settlement Event occurs with respect to such new Credit Event, the Issuer may, if it so elects on or prior to a related Valuation Date or Delivery Date, redeem the Credit Linked Notes in accordance with this Credit Linked Condition 2(b)(i) by Auction Settlement;

- (ii) if the applicable Settlement Method is "**Physical Settlement**", in accordance with Credit Linked Condition 4 (*Physical Settlement*); and
- (iii) if the applicable Settlement Method is "**Cash Settlement**", by payment of its *pro rata* share of the Cash Settlement Amount on the Cash Settlement Date.

If the applicable Settlement Method is Auction Settlement and the Calculation Agent determines with respect to an M(M)R Restructuring that a No Auction Announcement Date has occurred pursuant to sub-paragraphs (b) or (c)(ii) of the definition of "**No Auction Announcement Date**", the Issuer may, on or prior to the Movement Option Cut-Off Date, elect to exercise the Movement Option. If the Issuer does not notify the Calculation Agent of its intention to exercise the Movement Option on or prior to such date, such failure will constitute a Fallback Settlement Event and the Notes will be settled in accordance with the Fallback Settlement Method.

Where the Notes are Nth-to-Default CLNs and an 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 the Event Determination Date occurred.

(c) ***Suspension of Obligations***

If a notice (a "**DC Notice**") is delivered to the DC Secretary relating to a DC Credit Event Question in relation to a Reference Entity (and notwithstanding that the relevant Credit Derivatives Determinations Committee has yet to determine whether Publicly Available Information is available), then unless the Issuer otherwise elects by notice to the Calculation Agent and the Noteholders, from the date delivery of any such DC Notice is effective, any obligation of the Issuer to redeem any Credit Linked Note (including pursuant to Credit Linked Condition 2(b)) or pay any amount of interest which would otherwise be due thereon shall, (or, in the case of Portfolio CLNs, the relevant portion thereof relating to the relevant Reference Entity), be and remain suspended (without interest accruing on any such suspended sum) until such time as the relevant Credit Derivatives Determinations Committee has Resolved on the DC Credit Event Question and one of a DC Credit Event Question Dismissal, a DC No Credit Event Announcement or a DC Credit Event Announcement has been publicly announced by the DC Secretary.

During such suspension period, the Issuer shall not be obliged to, nor entitled to, take any action in connection with the settlement of the Credit Linked Notes, (or, in the case of Portfolio CLNs, the relevant portion thereof relating to the relevant Reference Entity). Once the DC Secretary has publicly announced the outcome of the DC Resolution relating to the DC Credit Event Question (one of a DC Credit Event Question Dismissal, a DC No Credit Event Announcement or a DC Credit Event Announcement), such suspension shall terminate and any obligations so suspended shall resume on the basis of such DC Resolution on the CLN Business Day following such public announcement by the DC Secretary, with the Issuer having the benefit of the full day notwithstanding when the suspension began. Any amount of interest so suspended shall, subject to Credit Linked Condition 3(a), become due on a date determined by the Calculation Agent, in its sole discretion but not later than fifteen Business Days following such public announcement by the DC Secretary.

For the avoidance of doubt, no interest shall accrue on any payment of interest or principal which is deferred in accordance with this Credit Linked Condition 2(c).

(d) ***Additional Credit Linked Note Disruption Events***

If the Calculation Agent determines that an Additional Credit Linked Note Disruption Event has occurred, the Issuer may redeem the Notes by giving notice to Noteholders in accordance with General Condition 14 (*Notices*). If the Notes are so redeemed, the Issuer will pay an amount to each Noteholder in respect of each Note equal to the outstanding principal amount of such Credit Linked Note, *less* such Noteholder's *pro rata* share of 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 14 (*Notices*).

(e) ***Miscellaneous provisions relating to Redemption***

If the Credit Linked Notes are partially redeemed, the relevant Credit Linked Notes or, if the Credit Linked Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such partial redemption. Upon such partial redemption, the outstanding principal amount of each Note shall be reduced for all purposes (including accrual of interest thereon) accordingly.

Redemption of any Credit Linked Note in accordance with Credit Linked Condition 2, together with payment of interest, if any, due thereon shall discharge all or the relevant portion of the obligations of the Issuer in relation thereto.

Any amount payable under Credit Linked Condition 2(b) shall be rounded downwards to the nearest sub-unit of the relevant currency.

If any Notes are redeemed following the occurrence of an Event Determination Date in accordance with this Credit Linked Condition 2, upon payment of the Auction Settlement Amount or Cash Settlement Amount, Delivery of the relevant Deliverable Obligations and/or payment of the Partial Cash Settlement Amount, as applicable, the Issuer shall have discharged its obligations in respect of such Notes and shall have no other liability or obligation whatsoever in respect thereof. The value of such Auction Settlement Amount, Cash Settlement Amount, Deliverable Obligations and or Partial Cash Settlement Amount, as the case may be, may be less than the principal amount of such Notes. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

3. **Interest**

(a) ***Cessation of Interest Accrual***

Upon the occurrence of an Event Determination Date in respect of any Reference Entity (or, in the case of Nth-to-default CLNs, the Nth Reference Entity), interest on such Credit Linked Note (or, in the case of Portfolio CLNs, the relevant portion thereof) shall cease to accrue with effect from and including either:

- (i) the Interest Payment Date immediately preceding such Event Determination Date (or, in the case of an Event Determination Date occurring during the first Interest Period, the Interest Commencement Date); or
- (ii) if so specified in the applicable Pricing Supplement, such Event Determination Date.

(b) ***Interest following Scheduled Maturity***

Subject to Credit Linked Condition 3(a), if an Extension Notice has been given, each Credit Linked Note (or, in the case of Portfolio CLNs, the relevant portion thereof) which is outstanding following the Scheduled Maturity Date shall continue to bear interest from (and including) the Scheduled Maturity Date to (but excluding) the related CLN Maturity Date at a rate of interest equal to either:

- (i) the rate that the Issuer would pay to an independent customer in respect of overnight deposits in the currency of the Credit Linked Notes; or
- (ii) such other rate as shall be specified for such purpose in the applicable Pricing Supplement.

(c) ***Interest at Redemption***

If the Credit Linked Notes are redeemed pursuant to the General Conditions or these Credit Linked Conditions, the Scheduled Maturity Date, the CLN Maturity Date (if not the Scheduled Maturity Date), the Auction Settlement Date, the Cash Settlement Date or the last Delivery Date, as the case may be, shall be an Interest Payment Date in respect of each Credit Linked Note (or, in the case of Portfolio CLNs, the relevant portion thereof) and the Issuer shall pay any interest that has accrued but which has not been previously paid in respect of each Credit Linked Note (or, as applicable, the relevant portion thereof) on such Interest Payment Date

4. **Physical Settlement**

(a) ***Delivery and payment***

If Physical Settlement applies to any Credit Linked Note, then following an Event Determination Date the Issuer shall, on or prior to the related Physical Settlement Date and subject to Credit Linked Condition 4(b), 4(c) and 4(f), deliver to the Calculation Agent and Noteholders a Notice of Physical Settlement on or prior to the NOPS Cut-off Date, and, on or prior to the related Physical Settlement Date, redeem such Credit Linked Note (or, in the case of Portfolio CLNs, the relevant portion thereof), respectively, by:

- (i) Delivering a *pro rata* share the Asset Amount specified in the related Notice of Physical Settlement; and
- (ii) paying such Note's *pro rata* portion of the related Physical Settlement Adjustment Rounding Amount.

(b) ***Partial Cash Settlement***

(i) ***Partial Cash Settlement due to Impossibility or Illegality***

If, due to an event beyond the control of the Issuer, it is impossible or illegal for the Issuer to Deliver or, due to an event beyond the control of the Issuer or any Noteholder, it is impossible or illegal for the Issuer or the relevant Noteholder to accept Delivery of any of the Deliverable Obligations (other than a Deliverable Obligation described in subparagraph (d) of the definition of "**Deliverable Obligation**") specified in a Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, on the related Physical Settlement Date (including, without limitation, failure of the relevant clearance system or due to any law, regulation or court order, but excluding market conditions or the failure to obtain requisite consent with respect to Delivery of Loans), as determined by the Calculation Agent, then on such date the Issuer shall Deliver and each Noteholder shall take Delivery of any of the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, for which it is possible and legal to take Delivery. If, following the occurrence of any such impossibility or illegality, the amount of Deliverable Obligations that are to be Delivered as specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, are not Delivered to the relevant Noteholder on or prior to the Latest Permissible Physical Settlement Date, then Partial Cash Settlement shall apply with respect to the Deliverable Obligations that cannot be Delivered (the "**Undeliverable Obligations**") and, accordingly, the Issuer shall pay the relevant Noteholders an amount equal to the applicable Partial Cash Settlement Amount to be apportioned *pro rata* amongst the relevant Noteholders on the applicable Partial Cash Settlement Date.

(ii) ***Partial Cash Settlement of Consent Required Loans***

If:

- (A) "Partial Cash Settlement of Consent Required Loans" is specified as applicable in the applicable Pricing Supplement;
- (B) the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable include Consent Required Loans (as determined by the Calculation Agent) that, due to the non-receipt of any requisite consents, are not, on the Physical Settlement Date, capable of being assigned or novated to the Noteholders or their respective designees and such consents are not obtained or deemed given by the Latest Permissible Physical Settlement Date; and
- (C) (I) "Direct Loan Participation" is not specified as a Deliverable Obligation Characteristic in the applicable Pricing Supplement, or (II) "Direct Loan Participation" is specified as a Deliverable Obligation Characteristic in the

applicable Pricing Supplement and the relevant participation is not effected on or before the Latest Permissible Physical Settlement Date,

then with respect to the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, that consist of Consent Required Loans for which consents are not obtained or deemed given (the "**Undeliverable Loan Obligations**"), the Issuer shall pay to the relevant Noteholder an amount equal to the applicable Partial Cash Settlement Amount on the applicable Partial Cash Settlement Date.

(iii) ***Partial Cash Settlement of Assignable Loans***

If:

- (A) "Partial Cash Settlement of Assignable Loans" is specified as applicable in the applicable Pricing Supplement;
- (B) the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable include Assignable Loans (as determined by the Calculation Agent) that, due to the non-receipt of any requisite consents, are not, on the Physical Settlement Date, capable of being assigned or novated to Seller or its designee and such consents are not obtained or deemed given by the Latest Permissible Physical Settlement Date; and
- (C) (I) "Direct Loan Participation" is not specified as a Deliverable Obligation Characteristic in the applicable Pricing Supplement, or (II) "Direct Loan Participation" is specified as a Deliverable Obligation Characteristic in the applicable Pricing Supplement and the relevant participation is not effected on or before the Latest Permissible Physical Settlement Date,

then with respect to the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, that consist of Assignable Loans for which consents are not obtained or deemed given (the "**Unassignable Obligations**"), the Issuer shall pay to the relevant Noteholder an amount equal to the applicable Partial Cash Settlement Amount on the applicable Partial Cash Settlement Date.

(iv) ***Partial Cash Settlement of Participation***

If:

- (A) "Partial Cash Settlement of Participations" is specified as applicable in the applicable Pricing Supplement; and
- (B) the Deliverable Obligations include Direct Loan Participations (as determined by the Calculation Agent) and the relevant participation is not effected on or before the Latest Permissible Physical Settlement Date,

then with respect to the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, that consist of Direct Loan Participations in respect of which the relevant participation is not effected (the "**Undeliverable Participations**"), the Issuer shall pay to the relevant Noteholder an amount equal to the applicable Partial Cash Settlement Amount on the applicable Partial Cash Settlement Date.

(c) ***Non-Delivery of Deliverable Obligations***

If the Issuer does not Deliver (including following the occurrence of a Hedge Disruption Event) any Deliverable Obligation specified in a Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, other than as a result of an event or circumstance contemplated in Credit Linked Condition 4(b) above (including following the occurrence of a Hedge Disruption Event), such failure shall not constitute an Event of Default for the purpose of

the Notes and the Issuer may continue to attempt to Deliver the Deliverable Obligations that are Bonds or Loans until the Final Delivery Date. If, as at the relevant Final Delivery Date, any such Deliverable Obligations have not been Delivered, then with respect to such Deliverable Obligations (the "**Non-Deliverable Obligations**"), the Issuer shall pay to the relevant Noteholder an amount equal to the applicable Partial Cash Settlement Amount on the applicable Partial Cash Settlement Date.

(d) ***Aggregation and Rounding***

Where a Noteholder holds Credit Linked Notes in an aggregate nominal amount greater than the Specified Denomination, the Outstanding Principal Balance of the Deliverable Obligations to be Delivered in respect of the Credit Linked Notes shall be aggregated for the purposes of this Credit Linked Condition 4. If the nominal amount of the Deliverable Obligations to be Delivered in respect of each Credit Linked Note to be redeemed pursuant to this Credit Linked Condition 4(d) on any occasion is not equal to an authorised denomination (or integral multiple thereof) of such Deliverable Obligations then the nominal amount of Deliverable Obligations to be Delivered will be rounded down to the nearest authorised denomination or multiple thereof, or, if none, to zero. In such circumstances, the Deliverable Obligations that were not capable of being Delivered shall, if and to the extent practicable, be sold by the Issuer or such other agent as may be appointed by the Issuer for such purpose and, if they are so sold, the Issuer shall make payment in respect of each Credit Linked Note in an amount equal to its *pro rata* share of the related net sale proceeds as soon as reasonably practicable following receipt thereof.

(e) ***Delivery and Fees***

The Delivery of any of the Deliverable Obligations pursuant to the provisions of this Credit Linked Condition 4 shall be made in such commercially reasonable manner as the Issuer shall, in its sole discretion, determine to be appropriate for such Delivery. Subject as set out in the definition of "Deliver":

- (i) any recordation, processing or similar fee reasonably incurred by the Issuer and/or any of its Affiliates and payable to the agent under a Loan in connection with an assignment (where Deliverable Obligations include Assignable Loans or Consent Required Loans) shall be payable by the relevant Noteholders, and if any Stamp Tax is payable in connection with the Delivery of any Deliverable Obligations, payment thereof shall be made by the relevant Noteholders; and
- (ii) any other expenses arising from the Delivery and/or transfer of the Deliverable Obligations shall be for the account of the Noteholders or the Issuer, as appropriate, determined in accordance with then current market conventions. Delivery and/or transfer of the Deliverable Obligations shall be delayed until all expenses relating to such Delivery or transfer payable by the Noteholders have been paid to the satisfaction of the Issuer.

(f) ***NOPS Amendment Notice***

The Issuer may, from time to time, notify the Calculation Agent and Noteholders (each such notification, a "**NOPS Amendment Notice**") that the Issuer is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such NOPS Amendment Notice is effective). A NOPS Amendment Notice shall contain a revised detailed description of each replacement Deliverable Obligation that the Issuer will Deliver to Noteholders (each, a "**Replacement Deliverable Obligation**") and shall also specify the Outstanding Amount of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, that is being replaced (with respect to each such Deliverable Obligation, the "**Replaced Deliverable Obligation Outstanding Amount**"). The Outstanding Amount of each Replacement Deliverable Obligation identified in a NOPS Amendment Notice shall be determined by applying the Revised Currency Rate to the relevant Replaced Deliverable Obligation Outstanding Amount. The Outstanding Amount of the Replacement Deliverable Obligations specified in any NOPS Amendment Notice in aggregate with the Outstanding Amount of the Deliverable Obligations

specified in the Notice of Physical Settlement or any earlier NOPS Amendment Notice which, in each case, are not being replaced must not be greater than the Aggregate Outstanding Amount. Each such NOPS Amendment Notice must be effective on or prior to the Physical Settlement Date (determined without reference to any change resulting from such NOPS Amendment Notice).

Notwithstanding the foregoing, the Issuer may correct any errors or inconsistencies in the detailed description of each Deliverable Obligation contained in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, by notice to the Calculation Agent and Noteholders prior to the relevant Delivery Date and (ii) if Asset Package Delivery is applicable, the Issuer shall on the NOPS Effective Date, or as soon as reasonably practicable thereafter (but in any case, prior to the Delivery Date), notify the Calculation Agent and Noteholders of the detailed description of the Asset Package, if any, that it intends to Deliver to Noteholders in lieu of the Prior Deliverable Obligation or Package Observable Bond, if any, specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, it being understood in each case that such notice shall not constitute a NOPS Amendment Notice.

(g) ***Asset Transfer Notice***

If Physical Settlement applies to any Credit Linked Note, a Noteholder will not be entitled to any of the amounts or assets specified as being due to it in accordance with these Credit Linked Conditions upon the occurrence of an Event Determination Date in respect of any Reference Entity (or, in the case of Nth-to-default CLNs, the Nth Reference Entity) unless it has presented or surrendered (as is appropriate) the relevant Credit Linked Note and delivered an Asset Transfer Notice in accordance with Credit Linked Condition 4(h) (*Delivery*) below. For so long as the Credit Linked Notes are held in any clearing system, any communication from such clearing system on behalf of the Noteholder containing the information required in subparagraphs (A) to (H) of Credit Linked Condition 4(h)(ii) (*Delivery*) below will be treated as an Asset Transfer Notice. For as long as Bearer Notes are represented by a Global Note, surrender of Credit Linked Notes for such purpose will be effected by presentation of the Global Note and its endorsement to note the principal amount of Credit Linked Notes to which the relevant Asset Transfer Notice relates.

(h) ***Delivery:***

(i) ***Notes represented by one or more Global Notes***

If Physical Settlement applies to any Credit Linked Note and if the Notes are represented by one or more Global Notes, delivery of the Asset Amount(s) will (subject as provided below) be made against presentation or surrender, as the case may be, of the relevant Global Note at the specified office of any Paying Agent outside the United States. A record of each delivery made against presentation or surrender of such Global Note will be made on such Global Note on behalf of the Issuer by the Paying Agent to which such Global Note is presented for the purpose of making such delivery, and such record shall be prima facie evidence that the delivery in question has been made.

The holder of a Global Note shall be the only person entitled to receive delivery of the Asset Amounts in respect of Notes represented by such Global Note and the Issuer will be discharged by delivery to, or to the order of, the holder of such Global Note in respect of each amount so delivered. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each delivery so made by the Issuer to, or to the order of, the holder of such Global Note. No person other than the holder of such Global Note shall have any claim against the Issuer in respect of any deliveries due on that Global Note.

(ii) ***Notes in definitive form***

If Physical Settlement applies to any Credit Linked Note and the Notes are in definitive form, in order to obtain delivery of the Asset Amount(s) in respect of any Note, if such

Note is in definitive form, the relevant Noteholder must 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 Issuer, not later than the close of business in each place of reception on the Cut Off Date, a duly completed Asset Transfer Notice (as defined below).

Forms of the Asset Transfer Notice may be obtained during normal business hours from the specified office of the Registrar or any Paying Agent and this Note must be delivered together with the duly completed Asset Transfer Notice.

An Asset Transfer Notice must:

- (A) specify the Series of the Notes and the number of Notes held by the Noteholder to which such Asset Transfer Notice relates;
- (B) specify the name and address of the relevant Noteholder, the person from whom the Issuer may obtain details for the delivery of the Asset Amount and any details required for delivery of the Asset Amount set out in the applicable Pricing Supplement;
- (C) include an undertaking to pay all Delivery Expenses 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 Delivery Expenses;
- (D) 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 the date on which the Asset Amount has been Delivered to the relevant Noteholder;
- (E) specify an account to which any cash amount payable pursuant to Credit Linked Condition 4(b) or any other cash amounts specified in the applicable Pricing Supplement as being payable are to be paid;
- (F) include such details as are required for Delivery of the Asset Amount which may include account details and/or the name and address of any person(s) into whose name evidence of the Asset Amount is to be registered and/or any bank, broker or agent to whom documents evidencing the Asset Amount are to be Delivered and specify the name and number of the Noteholder's account to be credited with any cash payable by the Issuer;
- (G) 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
- (H) authorise the production of such notice in any applicable administrative or legal proceedings.

Copies of the Asset Transfer Notice may be obtained during normal business hours from the specified office of the Registrar or any Paying Agent.

If this Note is in definitive form, this Note must be delivered together with the duly completed Asset Transfer Notice.

No Asset Transfer Notice may be withdrawn after receipt thereof by the Registrar or a Paying Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

Failure to properly complete and deliver an Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these Conditions shall be made by the relevant Paying Agent or the Registrar, as the case may be, after consultation with the Issuer, and shall be conclusive and binding on the Issuer and the relevant Noteholder.

(iii) ***Delivery***

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made, in the case of Notes represented by a Global Note, by the relevant Clearing System or, in the case of Notes in definitive form, by the relevant Paying Agent or the Registrar, as the case may be, or in each case in consultation with the Relevant Paying Agent, and shall be conclusive and binding on the Issuer, each Paying 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 a Paying Agent immediately after being delivered or sent as provided in sub-paragraph (i) above, shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of, in the case of Notes represented by a Global Note, the relevant Clearing System, or, in the case of Notes in definitive form, by the relevant Paying Agent or the Registrar, as the case may be, or in each case in consultation with the Relevant Paying Agent, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered as provided above. No Asset Transfer Notice may be withdrawn after receipt thereof by the relevant Clearing System, the Registrar or a Paying Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice. The Asset Amount will be delivered at the risk of the relevant Noteholder, in the manner provided below on the Delivery Date, provided that the Asset Transfer Notice is duly delivered as provided above on or prior to the Cut-Off Date.

If a Noteholder fails to give an Asset Transfer Notice as provided herein with a copy to a Paying Agent on or prior to the Cut-Off Date, then the Asset Amount will be Delivered as soon as practicable after the date fixed for redemption (in which case, such date of delivery shall be the Delivery Date) at the risk of such Noteholder in the manner provided below. For the avoidance of doubt, in such circumstances such Noteholder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Delivery Date falling after the date fixed for redemption and no liability in respect thereof shall attach to the Issuer.

Delivery of the Asset Amount(s) in respect of each Note shall be made at the risk of the relevant Noteholder and, in the case of Notes in definitive form, in such commercially reasonable manner as the Calculation Agent shall determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice or in such manner as is specified in the applicable Pricing Supplement. All Delivery Expenses arising from the delivery of the Asset Amount(s) in respect of such Notes shall be for the account of the relevant Noteholder and no delivery of the Asset Amount(s) shall be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder.

After delivery of the Asset Amount(s) and for the Intervening Period, none of the Issuer, the Calculation Agent and 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 or obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or 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 or obligations.

(iv) ***Asset Package Delivery***

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 Event Determination Date, or (ii) if the Reference Entity is a Sovereign, no Package Observable Bond exists immediately prior to such Asset Package Credit Event (*provided that* if "**Sovereign No Asset Package Delivery**" is specified as applying in the applicable Pricing Supplement, it shall be deemed that no Package Observable Bond exists with respect to a Reference Entity that is a Sovereign (even if such a Package Observable Bond has been published by ISDA, and accordingly Asset Package Delivery shall not apply).

If Asset Package Delivery applies, (i) Delivery of a Prior Deliverable Obligation or a Package Observable Bond specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, may be satisfied by Delivery of the related Asset Package, and such Asset Package shall be treated as having the same currency, Outstanding Principal Balance or Due and Payable Amount, as applicable, as the Prior Deliverable Obligation or Package Observable Bond to which it corresponds had immediately prior to the Asset Package Credit Event, (ii) each Asset in the Asset Package shall be Delivered 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 Noteholders and the Calculation Agent of the detailed description of the Asset Package that it intends to Deliver in the Notice of Physical Settlement, (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.

5. **Provisions relating to Obligation Category and Obligation Characteristics and Deliverable Obligation Category and Deliverable Obligation Characteristics**

(a) ***Obligation Characteristics***

If either of the Obligation Characteristics "Listed" or "Not Domestic Issuance" is specified in the applicable Pricing Supplement, the Pricing Supplement shall be construed as though the relevant Obligation Characteristic had been specified as an Obligation Characteristic only with respect to Bonds.

(b) ***Deliverable Obligation Category and Characteristics***

- (i) If either of the Deliverable Obligation Characteristics "Listed", "Not Domestic Issuance" or "Not Bearer" is specified in the applicable Pricing Supplement, such Pricing Supplement shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds;
- (ii) If the Deliverable Obligation Characteristic "Transferable" is specified in the applicable Pricing Supplement, such Pricing Supplement shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans; and
- (iii) If any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the applicable Pricing Supplement, such Pricing Supplement shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans.

- (iv) If more than one of "Assignable Loan," "Consent Required Loan" and "Direct Loan Participation" are specified as Deliverable Obligation Characteristics in the applicable Pricing Supplement, 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.
- (v) 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.
- (vi) If "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the applicable Pricing Supplement, 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.
- (vii) For the purposes of determining the applicability of Deliverable Obligation Characteristics and the requirements specified in Credit Linked Condition 7(b) (*Mod R*) and Credit Linked Condition 7(c) (*Mod Mod R*) to a Prior Deliverable Obligation or a Package Observable Bond, any such determination shall be made by reference to the terms of the relevant obligation in effect immediately prior to the Asset Package Credit Event; and
- (viii) If "Subordinated European Insurance Terms" is specified as applicable in the applicable Pricing Supplement, 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.

(c) ***Guarantees***

If an Obligation or a Deliverable Obligation is a Relevant Guarantee, the following will apply:

- (i) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Relevant Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
- (ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Relevant Guarantee and the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or Deliverable Obligation Characteristics, if any, specified in the applicable Pricing Supplement from the following list: "Not Subordinated", "Specified Currency", "Not Sovereign Lender", "Not Domestic Currency" and "Not Domestic Law".
- (iii) 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 applicable Pricing Supplement 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".
- (iv) 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.

- (v) The terms "Outstanding Principal Balance" and "Due and Payable Amount" (as they are used in the Terms and Conditions, including without limitation, the definitions of "Cash Settlement Amount" and "Quotation Amount"), when used in connection with Qualifying Guarantees are to be interpreted to be the then "Outstanding Principal Balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.
- (vi) For the avoidance of doubt the provisions of this Credit Linked Condition 5 apply in respect of the definitions of "Obligation", "Reference Obligation" and "Deliverable Obligation" as the context admits.

(d) ***Accrued Interest on Deliverable Obligations and Reference Obligations***

With respect to a Credit Linked Note for which:

- (i) "Physical Settlement" is specified to be the Settlement Method in the applicable Pricing Supplement (or for which Physical Settlement is applicable as the Fallback Settlement Method), the Outstanding Principal Balance of the Deliverable Obligations being Delivered will exclude accrued but unpaid interest, unless "Include Accrued Interest" is specified in the applicable Pricing Supplement, 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 sole discretion);
- (ii) "Cash Settlement" is specified to be the Settlement Method in the applicable Pricing Supplement (or if Cash Settlement is applicable as the Fallback Settlement Method), and:
 - (A) "Include Accrued Interest" is specified in the applicable Pricing Supplement, the Outstanding Principal Balance of the Reference Obligation shall include accrued but unpaid interest;
 - (B) "Exclude Accrued Interest" is specified in the applicable Pricing Supplement, the Outstanding Principal Balance of the Reference Obligation shall not include accrued but unpaid interest; or
 - (C) neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the applicable Pricing Supplement, the Calculation Agent shall determine in its sole discretion, based on the then current market practice in the market of the Reference Obligation whether the Outstanding Principal Balance of the Reference Obligation shall include or exclude accrued but unpaid interest and, if applicable, the amount thereof; or
- (iii) If Credit Linked Condition 4(b) (*Partial Cash Settlement*) or sub-paragraph (y) of Credit Linked Condition 7(c) (*Mod Mod R*) is applicable, the Calculation Agent shall determine in its sole discretion, based on the then current market practice in the market of the relevant Undeliverable Asset, whether such Quotations shall include or exclude accrued but unpaid interest.

6. **Succession**

(a) ***Single Reference Entity***

Where the Notes are Single Name CLNs and more than one Successor has been identified, each Credit Linked Note will be deemed for all purposes to have been divided into the same number of new Credit Linked Notes as there are Successors, with the following terms:

- (i) each Successor will be a Reference Entity for the purposes of one of the deemed new Credit Linked Notes;
- (ii) in respect of each deemed new Credit Linked Note, the Reference Entity Notional Amount will be the Reference Entity Notional Amount applicable to the original Reference Entity *divided by* the number of Successors; and

- (iii) all other terms and conditions of the original Credit Linked Notes will be replicated in each deemed new Credit Linked Note except to the extent that modification is required, as determined by the Calculation Agent in its sole discretion, to preserve the economic effects of the original Credit Linked Notes in the deemed new Credit Linked Notes (considered in the aggregate).

If one or more of the Successors to the Reference Entity have not assumed the Reference Obligation (if any) specified in the applicable Pricing Supplement, the Calculation Agent may select a Substitute Reference Obligation in accordance with the definition of Substitute Reference Obligation.

(b) ***Nth-to-Default CLNs***

Where the Notes are Nth-to-Default CLNs:

- (i) where more than one Successor has been identified (other than for a Reference Entity in respect of which a Credit Event has occurred), each Credit Linked Note will be deemed for all purposes to have been divided into a number of new Credit Linked Notes equal to the number of Successors. Each such new Credit Linked Note shall include a Successor and each and every one of the Reference Entities unaffected by such succession and the provisions of Credit Linked Condition 6(a)(i) to (iii) (inclusive) shall apply thereto;
- (ii) if "**Substitution**" is specified as not being applicable in the applicable Pricing Supplement, where any Reference Entity (the "**Surviving Reference Entity**") (other than a Reference Entity that is subject to the succession) would be a Successor to any other Reference Entity (the "**Legacy Reference Entity**") pursuant to a succession, such Surviving Reference Entity shall be deemed to be a Successor to the Legacy Reference Entity; and
- (iii) if "**Substitution**" is specified as being applicable in the applicable Pricing Supplement, where the Surviving Reference Entity (other than a Reference Entity that is subject to the succession) would be a Successor to a Legacy Reference Entity:
 - (A) such Surviving Reference Entity shall be deemed not to be a Successor to the Legacy Reference Entity; and
 - (B) the Replacement Reference Entity shall be deemed to be a Successor to the Legacy Reference Entity.

(c) ***Portfolio CLNs***

Where the Credit Linked Notes are Portfolio CLNs, and one or more Successors have been identified in respect of a Reference Entity (the "**Affected Entity**"):

- (i) the Affected Entity will no longer be a Reference Entity (unless it is a Successor as described in (ii) below);
- (ii) each Successor will be deemed a Reference Entity (in addition to each Reference Entity which is not an Affected Entity);
- (iii) the Reference Entity Notional Amount for each such Successor will equal the Reference Entity Notional Amount of the Affected Entity *divided by* the number of Successors;
- (iv) the Calculation Agent may, at its discretion, make any modifications to the terms of the Notes which may be required to preserve the economic effects of the Notes prior to the relevant succession (considered in the aggregate); and
- (v) for the avoidance of doubt, a Reference Entity may, as a result of a succession, be represented in the basket with respect to multiple Reference Entity Notional Amounts.

(d) ***Redemption following a Merger Event***

If "Merger Event" is specified as applicable in the applicable Pricing Supplement, 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 14 (*Notices*) and redeem all but not some only of the Credit Linked Notes on the Merger Event Redemption Date by payment of an amount to each Noteholder in respect of each Credit Linked Note equal to the outstanding principal amount of such Credit Linked Note, *less* such Noteholder's *pro rata* share of 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.

7. **Restructuring Credit Event**

(a) ***Multiple Credit Event Notices***

Upon the occurrence of a Restructuring Credit Event with respect to a Reference Entity for which Restructuring is an applicable Credit Event and either "Mod R" or "Mod Mod R" is specified in the applicable Pricing Supplement:

- (i) the Calculation Agent may deliver multiple Credit Event Notices with respect to such Restructuring Credit Event, each such notice setting forth the amount of the relevant Reference Entity Notional Amount to which such Restructuring Credit Event applies (the "**Exercise Amount**") *provided that* if the Credit Event Notice does not specify an Exercise Amount, the then outstanding Reference Entity Notional Amount (and not a portion thereof) will be deemed to have been specified as the Exercise Amount;
- (ii) if the Calculation Agent has delivered a Credit Event Notice that specifies, for each Note, an Exercise Amount that is less than the principal amount outstanding of such Note, the rights and obligations of the parties shall, with effect from the date such Credit Event Notice is effective, be construed as if such Note had split into two Notes, one of which has a principal amount outstanding equal to the Exercise Amount and, upon the occurrence of an Event Determination Date, will be settled in accordance with the applicable Settlement Method or Fallback Settlement Method, as applicable, and the other of which will have a principal amount outstanding equal to the principal amount outstanding of such Note prior to the delivery of such Credit Event Notice *minus* such Note's *pro rata* share of the Exercise Amount and will continue in effect with such modifications as the Calculation Agent (in consultation with the parties) shall determine are required in order to preserve the economic effects of the two Notes so split (considered in aggregate);
- (iii) the Exercise Amount in connection with a Credit Event Notice describing an M(M)R Restructuring must be an amount that is at least 1,000,000 units of the currency (or, if Japanese Yen, 100,000,000 units) in which the relevant Reference Entity Notional Amount is denominated or any integral multiple thereof or the entire relevant Reference Entity Notional Amount; and
- (iv) the Exercise Amount in connection with a Credit Event Notice describing a Credit Event (i) other than a Restructuring, or (ii) where neither "Mod R" nor "Mod Mod R" is specified in the applicable Pricing Supplement, in each case must be equal to the relevant Reference Entity Notional Amount (and not a portion thereof).

If Restructuring is an applicable Credit Event and neither "Mod R" nor "Mod Mod R" is specified in the applicable Pricing Supplement, the Calculation Agent may not deliver multiple Credit Event Notices with respect to a Restructuring Credit Event. If a Restructuring Credit Event occurs, the Calculation Agent may only deliver a single Credit Event Notice in respect of such Reference Entity and, subject to the occurrence of an Event Determination Date in respect of such Reference Entity and the other provisions of these Credit Linked Conditions, the Exercise Amount shall be equal to the relevant Aggregate Nominal Amount of the Notes outstanding or the Reference Entity Notional Amount outstanding in respect of the relevant Reference Entity, in each case as at the date immediately prior to the delivery of such Credit Event Notice, as applicable (and not a portion thereof).

In the case of an Nth-to-Default CLN, once an Event Determination Date has occurred in respect of the Nth 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 (save to the extent that the Credit Linked Notes are deemed to have been divided into new Credit Linked Notes pursuant to Credit Linked Condition 6). In the case of a Portfolio CLN, the fact that a M(M)R Restructuring has occurred in respect of a Reference Entity shall not preclude delivery of a Credit Event Notice in respect of any other Reference Entity.

If any Credit Linked Note is subject to partial redemption in accordance with this Credit Linked Condition 7, 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 partial redemption.

(b) **Mod R**

In respect of any Reference Entity for which Restructuring is an applicable Credit Event, if "Mod R" is specified in the applicable Pricing Supplement, 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 only be specified in a Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, 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 both the NOPS Effective Date and the Delivery Date.

(c) **Mod Mod R**

In respect of any Reference Entity for which Restructuring is an applicable Credit Event, if "Mod Mod R" is specified in the applicable Pricing Supplement, 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 only be specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, 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 both the NOPS Effective Date and the Delivery Date.

Notwithstanding the foregoing, for purposes of the above, 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 the Deliverable Obligation specified in the Notice of Physical Settlement (or any NOPS Amendment Notice, as applicable) is a Conditionally Transferable Obligation with respect to which consent is required to novate, assign or transfer and the requisite consent is refused (whether or not a reason is given for such refusal and, where a reason is given for such refusal, regardless of that reason) or is not received by the Physical Settlement Date, the Issuer shall, as soon as reasonably practicable, notify the relevant Noteholders of such refusal (or deemed refusal) and:

- (x) each such Noteholder may designate a third party (which may or may not be an Affiliate of such Noteholder) to take Delivery of the Deliverable Obligation on its behalf; and
- (y) if a Noteholder does not designate a third party that takes Delivery on or prior to the date which is three CLN Business Days after the Physical Settlement Date, then the Issuer

will redeem the Notes which have not been Delivered by payment of the relevant Partial Cash Settlement Amount to such Noteholder on the relevant Partial Cash Settlement Date.

(d) ***Multiple Holder Obligations***

Unless "Multiple Holder Obligation" is specified as not applicable in the applicable Pricing Supplement, then, notwithstanding anything to the contrary in the definition of Restructuring, the occurrence of, agreement to or announcement of any of the events described in sub-paragraphs (a)(i) to (v) of the definition of Restructuring shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

8. **Provisions relating to Sukuk Corporate or Sukuk Sovereign**

The following provisions shall apply if the applicable Pricing Supplement provides that "Sukuk Corporate" or "Sukuk Sovereign" is the Transaction Type:

- (i) "Multiple Holder Obligation" will be Not Applicable with respect to any Reference Obligation that is a Sukuk Obligation.
- (ii) Each Qualifying Sukuk Obligation which satisfies the "Not Subordinated", "Not Domestic Currency", "Not Domestic Law" and "Not Domestic Issuance" Obligation Characteristics on the relevant date will be an Obligation notwithstanding anything to the contrary in these Credit Linked Conditions, notwithstanding that a Qualifying Sukuk Obligation may not be an obligation of the Reference Entity.
- (iii) Each Qualifying Sukuk Obligation which:
 - (a) satisfies the "Not Subordinated", "Specified Currency: Standard Specified Currencies", "Not Domestic Issuance", "Not Domestic Law", "Transferable" and "Not Bearer" Deliverable Obligation Characteristics on the relevant date; and
 - (b) is payable in an amount equal to its Due and Payable Amount,

will be a Deliverable Obligation notwithstanding anything to the contrary in the Credit Linked Conditions, and in particular, notwithstanding that a Qualifying Sukuk Obligation may not be an obligation of the Reference Entity.

For the avoidance of doubt, any change as to the identity of the Sukuk Issuer shall not prevent a Sukuk Obligation from constituting a Qualifying Sukuk Obligation.

- (iv) "**Markit Published Sukuk Obligation**" means each obligation set forth, as of the Event Determination Date or if later, the date of the DC Credit Event Announcement, on the relevant sukuk obligations list in respect of the Reference Entity, as published by Markit Group Limited, or any successor thereto.
- (v) "**Reference Obligation**" means (a) (i) each obligation specified as such or of a type described in the applicable Pricing Supplement (if any are so specified or described) or (ii) if an obligation or type of obligation is not specified in the applicable Pricing Supplement, each Markit Published Sukuk Obligation and (b) any Substitute Reference Obligation.
- (vi) "**Qualifying Sukuk Obligation**" means any Sukuk Obligation in respect of which (a) if the related Recourse Obligation (if any) is not a Recourse Guarantee, the related Recourse Obligation is described by the Payment Obligation Category, satisfies the "Not Subordinated" Obligation Characteristic on the relevant date and, pursuant to its terms, may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment) or (b) if the related Recourse Obligation (if any) is a Recourse Guarantee, (i) the Underlying Recourse Obligation is described by the Payment Obligation Category, satisfies the "**Not Subordinated**" Obligation Characteristic on the relevant date and, pursuant to its terms, may not be reduced as a

result of the occurrence or non-occurrence of an event or circumstance (other than payment) and (ii) the related Recourse Obligation satisfies the "**Not Subordinated**" Obligation Characteristic on the relevant date.

- (vii) "**Sukuk Obligation**" means any trust certificate or other instrument (a "**Sukuk Certificate**") evidencing a beneficial or other ownership interest in assets, rights, benefits or entitlements and which may be issued by the Reference Entity or another entity (in either case, the "**Sukuk Issuer**") where if the Reference Entity is not the Sukuk Issuer, the Sukuk Issuer (or any agent, delegate or trustee acting on its behalf) has recourse to the Reference Entity and/or to assets over which the Reference Entity has granted security in favour of the Sukuk Issuer (or any agent, delegate or trustee acting on its behalf) in order to fund payment obligations of the Sukuk Issuer under the Sukuk Certificates (whether such recourse is pursuant to (a) an obligation of the Reference Entity to purchase assets owned by the Sukuk Issuer or (b) any other obligation of the Reference Entity, including as provider of any Recourse Guarantee (each such obligation, a "**Recourse Obligation**")).

For the purposes of the foregoing, "**Recourse Guarantee**" means an arrangement evidenced by a written instrument pursuant to which the Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the "**Underlying Recourse Obligation**") for which another party is the obligor (the "**Underlying Recourse Obligor**"). Recourse Guarantees shall exclude any arrangement (a) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (b) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment).

- (viii) "**Potential Failure to Pay**" means (a) in relation to any Obligations other than Sukuk Obligations, the failure by a Reference Entity to make, when and where due, any payments under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure and/or (b) in relation to any Obligations that are Sukuk Obligations, the failure by the Reference Entity or the Sukuk Issuer to make, when and where due any payments or Expected Payments under one or more Sukuk Obligations or any payments under one or more related Recourse Obligations, as applicable, in accordance with the terms of such Sukuk Obligations or Recourse Obligations, as applicable, at the time of such failure, where the aggregate amount of such failures under sub-paragraph (a) and sub-paragraph (b) (aggregated for the Reference Entity and all related Sukuk Issuers but without double counting amounts in respect of the same Sukuk Obligation (whether such amounts are in respect of such Sukuk Obligation or related Recourse Obligation)) is not less than the Payment Requirement, in each case without regard to any grace period or conditions precedent to the commencement of any grace period applicable to such Obligations.

- (ix) "**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) (a) in relation to any Obligations other than Sukuk Obligations, the failure by a Reference Entity to make, when and where due, any payments under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure and/or (b) in relation to any Obligations that are Sukuk Obligations, the failure by the Reference Entity or the Sukuk Issuer to make, when and where due, any payments or Expected Payments under one or more Sukuk Obligations or any payments under one or more related Recourse Obligations, as applicable, in accordance with the terms of such Sukuk Obligations or Recourse Obligations, as applicable, at the time of such failure, where the aggregate amount of such failures under sub-paragraph (a) and sub-paragraph (b) (aggregated for the Reference Entity and all related Sukuk Issuers but without double counting amounts in respect of the same Sukuk Obligation (whether such amounts are in respect of such Sukuk Obligation or related Recourse Obligation)) is not less than the Payment Requirement.

- (x) **"Expected Payments"** means, in relation to any Sukuk Obligations and with respect to any day, the amount of any payment or distribution expected to be made on such day in accordance with the initial schedule of payments as specified in the terms of such Sukuk Obligation or the offering circular relating to such Sukuk Obligation, determined without regard to the effect of any provisions of such Sukuk Obligation that permit the expected payments or distributions to be reduced, extinguished, postponed or withheld or for recourse in respect of such Sukuk Obligation to be limited (or any similar provisions, howsoever described).
- (xi) **"Due and Payable Amount"** means (a) in relation to any Deliverable Obligations other than Sukuk Obligations, the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation on the Delivery Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts) and (b) in relation to any Deliverable Obligations that are Sukuk Obligations, the amount that is due and payable or expected to be due and payable, determined without regard to the effect of any provisions of such Deliverable Obligation that permit expected amounts payable to be reduced, extinguished, postponed or withheld or for recourse in respect of such Deliverable Obligation to be limited (or any similar provisions, howsoever described), under (and in accordance with the terms of) a Deliverable Obligation on the Delivery Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).
- (xii) References to "Reference Entity" in the definitions of "DC Credit Event Meeting Announcement", "DC Credit Event Question Dismissal", "DC Credit Event Announcement", "DC No Credit Event Announcement", "Subordination", "Publicly Available Information", "Public Source", "Due and Payable Amount", "Prohibited Action", "Permitted Contingency" "Credit Event", "Bankruptcy", "Obligation Acceleration", "Obligation Default", "Repudiation/Moratorium", "Restructuring", "Default Requirement", "Governmental Authority", "Obligation Currency", "Payment Requirement" and "Deliver" shall be deemed to include a Sukuk Issuer.
- (xiii) In respect of Transactions for which "Sukuk Sovereign" or "Standard Sukuk Sovereign" is the Transaction Type and in relation to which the Sukuk Issuer is not the Reference Entity, notwithstanding anything to the contrary in the Credit Linked Conditions or the Pricing Supplement, "Bankruptcy" shall be deemed to have been specified as a Credit Event in the applicable Pricing Supplement and any references to "Reference Entity" in the definition of "Bankruptcy" shall be deleted and replaced with "Sukuk Issuer".
- (xiv) References to "Obligation" in the definitions of "Grace Period", "Grace Period Business Day", "Publicly Available Information", "Credit Event", "Obligation Acceleration", "Obligation Default", "Repudiation/Moratorium", "Restructuring", "Default Requirement", "Governmental Authority", "Obligation Currency" and "Payment Requirement" shall be deemed to include a Recourse Obligation that relates to any Obligation that is a Sukuk Obligation (if any).
- (xv) References to "interest" in the Credit Linked Conditions (insofar as they relate to interest on Obligations or Deliverable Obligations) shall be deemed to include distributions, profit or other similar amounts of an income nature or expected distributions, profit or other similar amounts of an income nature.
- (xvi) References to "Bond" in the definition of "succeed" in sub-paragraph (d) of the definition of "Successor", and in the definitions of "Repudiation/Moratorium" and "Restructuring", shall be deemed to include a Sukuk Obligation.
- (xvii) The definition of "succeed" in sub-paragraph (d) of the definition of "Successor" shall be amended such that the words "or (iii) enters into Replacement Recourse Obligations in relation to Replacement Sukuk Obligations that are exchanged for Sukuk Obligations" shall be added after the words "that are exchanged for Relevant Obligations" at the end of the first sentence. For the purposes of the foregoing:

- (a) **"Replacement Sukuk Obligation"** means, in relation to an entity, any trust certificate or other instrument (a **"Replacement Sukuk Certificate"**) evidencing a beneficial or other ownership interest in assets, rights, benefits or entitlements and which may be issued by such entity or another entity (in either case, the **"Replacement Sukuk Issuer"**) where if such entity is not the Replacement Sukuk Issuer, the Replacement Sukuk Issuer (or any agent, delegate or trustee acting on its behalf) has recourse to such entity and/or to assets over which such entity has granted security in favour of the Replacement Sukuk Issuer (or any agent, delegate or trustee acting on its behalf) in order to fund payment obligations of the Replacement Sukuk Issuer under the Replacement Sukuk Certificates (whether such recourse is pursuant to (i) an obligation of such entity to purchase assets owned by the Replacement Sukuk Issuer or (ii) any other obligation of such entity, including as provider of any Replacement Recourse Guarantee (each such obligation, a **"Replacement Recourse Obligation"**)); and
- (b) **"Replacement Recourse Guarantee"** means an arrangement evidenced by a written instrument pursuant to which an entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation for which another party is the obligor. Replacement Recourse Guarantees shall exclude any arrangement (a) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (b) pursuant to the terms of which the payment obligations of the relevant entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment).

The definition of **"succeed"** in sub-paragraph (d) of the definition of **"Successor"** shall be further amended such that the words "or in the case of Sukuk Obligations only, a provider of a Recourse Obligation or Recourse Guarantee" shall be added immediately after the words "Relevant Guarantee".

- (xviii) The definition of "Relevant Obligations" shall be amended such that the words "or Recourse Obligations" shall be added immediately after the words "Obligation Category "Bond or Loan"" wherever they appear in such definition.
- (xix) The definition of "Deliverable Obligation" shall be amended such that the words "or in respect of an Obligation that is a Sukuk Obligation where the Reference Entity is a Sovereign and is not the Sukuk Issuer" shall be added immediately after the words "which is a Sovereign" in sub-paragraph (c) of such definition.
- (xx) The definition of "Sovereign Restructured Deliverable Obligation" shall be amended such that the words "or if the Reference Entity is a Sovereign and is not the Sukuk Issuer, an Obligation that is a Sukuk Obligation" shall be added immediately after the words "which is a Sovereign" in such definition.
- (xxi) The definition of "Not Subordinated" shall be deleted in its entirety and replaced with the following:

"Not Subordinated" means an obligation that is not Subordinated to (I) the most senior Reference Obligation in priority of payment that is an obligation of the Reference Entity or (II) if no Reference Obligation is an obligation of the Reference Entity but one or more Reference Obligations are Sukuk Obligations, (1) where such obligation is a Sukuk Obligation, the most senior Reference Obligation in priority of payment that is an obligation of the Sukuk Issuer and (2) where such obligation is a Recourse Obligation, the most senior Recourse Obligation in priority of payment relating to a Reference Obligation or (III) if no Reference Obligation is specified in the applicable Pricing Supplement, any unsubordinated Borrowed Money obligation of the Reference Entity or, if there are no such obligations, (1) where such obligation is a Sukuk Obligation any unsubordinated Borrowed Money obligation of the Sukuk Issuer and (2) where such obligation is a Recourse Obligation, any unsubordinated Recourse Obligation of the

Reference Entity; *provided that*, if any of the events set forth under sub-paragraphs (a)(i) to (iii) of the definition of "Substitution Event" has occurred with respect to all of the Reference Obligations or if sub-paragraph (d) of the definition of "Successor" is applicable with respect to the Reference Obligation (each, in each case, a "**Prior Reference Obligation**") and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic, as applicable, "Not Subordinated" shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment unless otherwise specified in the applicable Pricing Supplement or if such Prior Reference Obligation is a Sukuk Obligation, (1) where such obligation is a Sukuk Obligation, the most senior such Prior Reference Obligation in priority of payment and (2) where such obligation is a Recourse Obligation, the most senior Recourse Obligation in priority of payment relating to a Reference Obligation. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation, each Prior Reference Obligation or each Recourse Obligation, as applicable, shall be determined as of the date as of which the relevant Reference Obligation, Prior Reference Obligation or Recourse Obligation, as applicable, was issued, incurred or entered into, and shall not reflect any change to such ranking in priority of payment after such date."

(xxii) The definition of "Substitute Reference Obligation" shall be amended as follows:

(a) sub-paragraph (c) of such definition shall be deleted in its entirety and replaced with the following:

"(c) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that on the Substitution Date (i) ranks *pari passu* in priority of payment with the ranking in priority of payment of each of the Substitute Reference Obligation and such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date on which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date) or where such Substitute Reference Obligation is a Sukuk Obligation in respect of which the Sukuk Issuer is not the Reference Entity the related Recourse Obligation shall rank *pari passu* in priority of payment with the ranking in priority of payment of the Recourse Obligation relating to each of the Substitute Reference Obligation and the Reference Obligation (with the ranking in priority of payment of such Recourse Obligation being determined as of the date on which such Recourse Obligation was issued, incurred or entered into and not reflecting any change to such ranking in priority of payment after such date), (ii) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent, of the delivery and payment obligations of the Issuer to the relevant Series of Credit Linked Notes and (iii) is an obligation of the relevant Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the related Pricing Supplement, as provider of a Qualifying Guarantee) or an obligation of an entity that provides for recourse by such entity to the relevant Reference Entity. The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.";

(b) sub-paragraph (b) of such definition shall be amended such that the words "and sub-paragraph (c)(ii) below" shall be deleted in their entirety;

- (c) sub-paragraph (d) of such definition shall be deleted in its entirety, sub-paragraphs (e) and (f) shall be renumbered accordingly and any cross-references in sub-paragraph (a) should be construed accordingly; and
 - (d) all references to "Non-Standard Reference Obligation" shall be deemed to be references to "Reference Obligation".
- (xxiii) References to "trustee" in the definition of "Publicly Available Information" shall be deemed to include delegate.
 - (xxiv) The definition of "Obligation Acceleration" shall be amended such that the words "(aggregated for the Reference Entity and all related Sukuk Issuers but without double counting amounts in respect of the same Sukuk Obligation (whether such amounts are in respect of such Sukuk Obligation or related Recourse Obligation))" shall be added immediately after the words "aggregate amount" in such definition.
 - (xxv) The definition of "Obligation Default" shall be amended such that the words "(aggregated for the Reference Entity and all related Sukuk Issuers but without double counting amounts in respect of the same Sukuk Obligation (whether such amounts are in respect of such Sukuk Obligation or related Recourse Obligation))" shall be added immediately after the words "aggregate amount" in such definition.
 - (xxvi) The definition of "Repudiation/Moratorium" shall be amended such that the words "(aggregated for the Reference Entity and all related Sukuk Issuers but without double counting amounts in respect of the same Sukuk Obligation (whether such amounts are in respect of such Sukuk Obligation or related Recourse Obligation))" shall be added immediately after the words "aggregate amount" wherever such words appear in such definition.
 - (xxvii) The definition of "Repudiation/Moratorium Extension Condition" shall be amended such that the words "of the relevant Reference Entity" shall be deleted wherever such words appear after the word "Obligation" in such definition.
 - (xxviii) The definition of "Restructuring" shall be amended such that the words "(aggregated for the Reference Entity and all related Sukuk Issuers but without double counting amounts in respect of the same Sukuk Obligation (whether such amounts are in respect of such Sukuk Obligation or related Recourse Obligation))" shall be added immediately after the words "aggregate amount" in such definition.
 - (xxix) The definition of "Restructuring" shall be amended such that the words "(which expression, in the case of a Recourse Obligation, means all holders of the Sukuk Certificates to which such Recourse Obligation is referable)" shall be added after the words "holders of such Obligation" and "holders of the Obligation" wherever such words appear in such definition.
 - (xxx) References to "principal" in sub-paragraphs (b) and (c) of the definition of "Restructuring" shall be deemed to include distributions or expected distributions of any type (other than distributions or profit of an income nature).
 - (xxxi) References to "redemption" in sub-paragraph (a) of the definition of "Restructuring" shall be deemed to include any date for the payment of such distributions or date of dissolution.
 - (xxxii) The definition of "Successor" shall be amended as follows:
 - (a) sub-paragraph (f) of such definition is amended such that:
 - (i) the words "or in the case of Sukuk Obligations only, as a provider of a Recourse Guarantee" shall be added immediately after the words "as a provider of a Relevant Guarantee"; and

- (ii) the words "or in the case of Sukuk Obligations only, a Recourse Guarantee" shall be added immediately after the words "was a Relevant Guarantee"; and
 - (b) the words "or in the case of Sukuk Obligations only, as provider of a Recourse Guarantee" shall be added immediately after the words "Relevant Guarantee" wherever they appear in such definition.
- (xxxiii) The definition of "Substitution Event" shall be amended such that (a) all references to "the Non-Standard Reference Obligation" shall be deemed to be references to "a Reference Obligation" and (b) the words "or, where the Sukuk Issuer is not the Reference Entity, a Sukuk Obligation in respect of which the Sukuk Issuer no longer has recourse to the Reference Entity" shall be added immediately after the words "(either directly or as provider of a guarantee)" in sub-paragraph (c) of such definition.

9. **Provisions relating to LPN Reference Entities**

The following provisions shall apply if the applicable Pricing Supplement provides that "LPN Reference Entity" is applicable:

- (i) "Multiple Holder Obligation" will not be applicable with respect to any Reference Obligation and any Underlying Loan.
- (ii) Each Reference Obligation will be an Obligation notwithstanding anything to the contrary in these Credit Linked Conditions, and in particular, that the obligation is not an obligation of the Reference Entity.
- (iii) Each Reference Obligation will be a Deliverable Obligation notwithstanding anything to the contrary in these Credit Linked Conditions, and in particular, that the obligation is not an obligation of the Reference Entity.
- (iv) For the avoidance of doubt, with respect to any LPN Reference Obligation that specifies an Underlying Loan or an Underlying Financial 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.
- (v) The "Not Subordinated" Obligation Characteristic and Deliverable Obligation Characteristic shall be construed as if no Reference Obligation was specified in respect of the Reference Entity.

10. **Miscellaneous Provisions**

(a) ***Determinations of the Calculation Agent***

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to the Credit Linked Conditions shall (in the absence of manifest error) be final and binding on the Issuer and the Noteholders. In performing its duties pursuant to the Credit Linked Notes, the Calculation Agent shall act in its sole and absolute discretion and, unless otherwise expressly stated, is not bound to follow or act in accordance with any determination of the relevant Credit Derivatives Determinations Committee. Whenever the Calculation Agent is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. If the Calculation Agent chooses to rely on the determinations of the relevant Credit Derivatives Determinations Committee it may do so without liability. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Credit Linked Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and none of the Calculation Agent or the Issuer shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

If, where the Calculation Agent has relied upon a DC Resolution for the purposes of making a calculation or determination with respect to the Notes, ISDA or the DC Secretary publicly announces that such DC Resolution has been reversed by a subsequent DC Resolution, such reversal will be taken into account for the purposes of any subsequent calculations excepting instances where any Notes which would otherwise have been affected by such a reversal have already been redeemed (where redeemed in part, to the extent of any such redemption). The Calculation Agent, acting in a commercially reasonable manner, will make any adjustment to any future payments as are required to take account of such reversal, including any payment of additional interest or any reduction in any interest or any other amount payable under the Notes. For the avoidance of doubt, no accruals of interest shall be taken into account when calculating any such adjustment payment.

Because the Calculation Agent is an Affiliate of the Issuer, the economic interests of the Calculation Agent and its Affiliates may be adverse to the interests of the Noteholders of the Credit Linked Notes, including with respect to certain determinations and judgments that the Calculation Agent must make, including, designation of a Credit Event and selecting the obligations of the Reference Entity for valuation purposes.

(b) ***Change in Standard Terms and Market Conventions***

The Calculation Agent, acting reasonably, may (but shall not be obligated to) modify these Credit Linked Conditions from time to time with effect from a date designated by the Calculation Agent to the extent necessary to ensure consistency with prevailing market standards or market trading conventions, which are, pursuant to the agreement of the leading dealers in the credit derivatives market or any relevant committee established by ISDA, a market-wide protocol, any applicable law or regulation or the rules of any applicable exchange or clearing system, applicable to any hedging transaction entered into prior to such date or terms thereof or to conform the Issuer's obligations under the notes with the Issuer's rights under any hedging transaction. The Calculation Agent shall notify the Issuer and the Noteholders as soon as reasonably practicable upon making any such determination. For the avoidance of doubt, the Calculation Agent may not, without the consent of the Issuer, amend pursuant to this Credit Linked Condition 10(b) any of the terms and conditions of the Credit Linked Notes other than the applicable Credit Linked Conditions. In particular, the Calculation Agent may make such modifications as may be necessary to ensure consistency with any successor provisions which are published by ISDA and which supersede the 2014 ISDA Credit Derivatives Definitions ("**Successor Provisions**") for the purposes of credit derivatives transactions generally (including with respect to transactions which are entered into prior to the relevant date of publication and which are outstanding as of that date) and/or may apply and rely on determinations of the Credit Derivatives Determinations Committee made in respect of a relevant Reference Entity under any such Successor Provisions notwithstanding any discrepancy between the terms of such Successor Provisions and these Credit Linked Conditions.

(c) ***Delivery of Notices***

As soon as reasonably practicable after receiving a Credit Event Notice or Notice of Publicly Available Information from the Calculation Agent, the Issuer shall promptly inform, or shall procure that the Calculation Agent informs the Noteholders in accordance with General Condition 14 (*Notices*). Resolutions of the Credit Derivatives Determinations Committee are, as of the date hereof, available on the website of the Credit Derivatives Determinations Committees (<http://dc.isda.org/>).

(d) ***Effectiveness of Notices***

Any notice referred to in Credit Linked Condition (c) above which is delivered on or prior to 4:00 p.m. (London time) on a London Business Day is effective on such date and if delivered after such time or on a day that is not a London Business Day, is deemed effective on the next following London Business Day.

(e) ***No Event Determination Date***

Subject to Credit Linked Condition 10(a), no Event Determination Date will occur with respect to an event, and any Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, prior to the Auction Final Price Determination Date, a Valuation Date, the Physical Settlement Date (or, if earlier, a Delivery Date), or the CLN Maturity Date, as applicable, a DC No Credit Event Announcement occurs with respect to such event.

(f) ***Excess Amounts***

If, on a CLN Business Day, the Calculation Agent reasonably determines that an Excess Amount has been paid to Noteholders on or prior to such day, then following notification of the determination of an Excess Amount to the Issuer and Noteholders in accordance with 19 (Notices), the Issuer may deduct any such Excess Amount from future payments in relation to the Notes (whether interest or principal) or may reduce the amount of any assets deliverable under the terms of the Notes to the extent that it determines, acting reasonably, to be necessary to compensate for such Excess Amount

(g) ***Timing***

Subject to the provisions relating to timing in Credit Linked Condition (d) and the definition of "Failure to Pay", in order to determine the day on which an event occurs for purposes of the Credit Derivatives Definitions, the demarcation of days shall be made by reference to Greenwich Mean Time (or, if the Transaction Type of a Reference Entity relates to Japan, 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.

11. **Definitions**

In these Credit Linked Conditions, unless otherwise specified in the applicable Pricing Supplement:

"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.

"Additional Credit Event" means an additional credit event as defined in the applicable Pricing Supplement.

"Additional Credit Linked Note Disruption Event" means any of Change in Law, Hedging Disruption, and/or Increased Cost of Hedging, in each case if specified as applying in the applicable Pricing Supplement.

"Additional LPN" means any LPN issued by an LPN Issuer, for the sole purpose of providing funds for the LPN Issuer to provide financing to the Reference Entity via an:

- (a) Underlying Loan; or
- (b) Underlying Finance Instrument:

provided that:

- (I) either:
 - (A) 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

- (B) 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 Currencies – 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 holders of the LPNs.

"Additional Obligation" means each of the obligations listed as an Additional Obligation of the Reference Entity in the applicable Pricing Supplement or in the relevant "LPN Reference Obligation List" as published by Markit Group Limited, or any successor thereto, which list is currently available at <http://www.markit.com/marketing/services.php>.

"Additional Provisions" means any additional provisions from time to time published by ISDA for use in the over-the-counter credit derivatives market and specified as applicable in the applicable Pricing Supplement in relation to a Reference Entity which may include:

- (a) the Additional Provisions for Monoline Insurer Reference Entities, as published by ISDA on 15 September 2014; or
- (b) any other provisions specified in relation to such Reference Entity.

"Affected Entity" has the meaning given to such term in Credit Linked Condition 6(c) above.

"Affiliate" means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"Applicable Auction" means an Auction which the Calculation Agent determines is relevant to a Credit Event with respect to a Reference Entity and Obligations thereof and which relates to deliverable obligations which would constitute Reference Obligation(s) or Deliverable Obligation(s), as applicable, under the Notes (for which purpose the Calculation Agent may take into account (i) the credit derivatives transaction(s), credit event, reference entity, obligations and deliverable obligations to which the Auction relates and if the Auction relates to a Restructuring Credit Event, the Scheduled Maturity Date of the Notes and the scheduled termination date of the credit derivatives transactions covered by the Auction and the maturity date of the deliverable obligations to which the Auction relates, and (ii) any hedging transaction that the Issuer has or may enter into in connection with the Notes). In respect of a Restructuring Credit Event, if the Issuer exercises the Movement Option, the Parallel Auction selected by the Issuer on exercise of the Movement Option shall be the Applicable Auction.

"Applicable Request" means a request that a Credit Derivatives Determinations Committee be convened to Resolve the matters described in the definition of "Credit Event Resolution Request Date" which the Calculation Agent determines is relevant to the Notes (for which purpose the Calculation Agent may take into account (i) the credit derivatives transaction(s), credit event, succession event, reference entity and obligation(s) thereof and any other factor to which the DC Resolution relates and the terms of the Notes and (ii) any hedging transaction that the Issuer has entered or may enter into in connection with the Notes).

"Applicable Resolution" means a DC Resolution of a Credit Derivatives Determinations Committee which the Calculation Agent determines is relevant to the Notes (for which purpose the Calculation Agent may take into account (i) the credit derivatives transaction(s), credit event, succession event, reference entity and obligation(s) thereof and any other factor to which the DC Resolution relates and the terms of the Notes and (ii) any hedging transaction that the Issuer has entered or may enter into in connection with the Notes).

"**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 realized or capable of being realized in circumstances where the right and/or other asset no longer exists).

"**Asset Amount**" means, in respect of each nominal amount of the Notes, Deliverable Obligations selected by the Calculation Agent in its sole and absolute discretion with (i) an Outstanding Principal Balance (or the equivalent Currency Amount of any such amount) if the Deliverable Obligations are Borrowed Money or (ii) a Due and Payable Amount (or the equivalent Currency Amount of any such amount) if the Deliverable Obligations are not Borrowed Money, in each case as of the relevant Delivery Dates which in aggregate are equal to:

- (a) if the Credit Event is not a M(M)R Restructuring and the Notes are not Portfolio CLNs, the principal amount; or
- (b) if the Credit Event is not a M(M)R Restructuring and the Notes are Portfolio CLNs, the Reference Entity Notional Amount of the relevant Reference Entity to which the Credit Event relates; or
- (c) if the Credit Event is a M(M)R Restructuring, the Exercise Amount in respect of the relevant Reference Entity and Credit Event, unless:
 - (i) Issuer elects to Deliver Deliverable Obligations with an Outstanding Principal Balance (including or excluding interest, as applicable) or a Due and Payable Amount, as applicable (or the equivalent currency amount), in an aggregate amount as of the relevant Delivery Dates that is greater than such amount, in which case such Deliverable Obligations shall comprise the Asset Amount and, for the avoidance of doubt, Noteholders shall not be required to pay any additional amount to the Issuer; or
 - (ii) the Issuer elects to Deliver Deliverable Obligations with an Outstanding Principal Balance (including or excluding interest, as applicable) or a Due and Payable Amount, as applicable (or the equivalent Currency Amount), in an aggregate amount as of the relevant Delivery Dates that is less than such amount, in which case such Deliverable Obligations shall comprise the Asset Amount and the Issuer shall pay to Noteholders no later than the Business Day following the Final Delivery Date an amount determined by the Calculation Agent equal to the portion of the principal amount redeemed in respect of which Deliverable Obligations were not Delivered,

in each case *less*, if Unwind Costs are specified as applying in the applicable Pricing Supplement, Deliverable Obligations with a market value determined by the Calculation Agent in its sole and absolute discretion on the Business Day selected by the Calculation Agent falling during the period from and including the Event Determination Date to and including the Delivery Date less than or equal to the Unwind Costs.

If an obligation by its terms represents or contemplates an obligation to pay an amount greater than the Outstanding Principal Balance of such obligation as of the Delivery Date as a result of the occurrence or non occurrence of an event or circumstance, the Outstanding Principal Balance of such obligation shall not include any additional amount that would be payable upon the occurrence or non occurrence of such event or circumstance.

"**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 or in any other commercially reasonable manner selected by the Calculation Agent.

"**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 applicable Pricing Supplement:
 - (i) a Governmental Intervention; or
 - (ii) a Restructuring in respect of the Reference Obligation, if "Restructuring" is specified as applicable in the applicable Pricing Supplement and such Restructuring does not constitute a Governmental Intervention; and
- (b) if the Reference Entity is a Sovereign and "Restructuring" is specified in the applicable Pricing Supplement as being applicable, 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 Transfer Notice" means, in respect of a Credit Linked Note to which Physical Settlement applies, a notice (in a form acceptable to the Issuer) from the Noteholder of such Credit Linked Note relating to the Delivery of the relevant Asset Amount, which notice must be delivered to the applicable entities in accordance with the requirements described in, and must include the information set out in sub-paragraphs (A) to (H) of Credit Linked Condition 4(h) (*Delivery*) above.

"Assignable Loan" means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction or organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if the Reference Entity is guaranteeing such Loan) or any agent, and if specified as applicable to a Deliverable Obligation Category, the Assignable Loan Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Loans.

"Auction" has the meaning set forth in the relevant Transaction Auction Settlement Terms.

"Auction Cancellation Date" has the meaning set forth in the Transaction Auction Settlement Terms.

"Auction Covered Transaction" has the meaning set forth in the Transaction Auction Settlement Terms.

"Auction Final Price" has the meaning set forth in the Transaction Auction Settlement Terms or the Parallel Auction Settlement Terms.

"Auction Final Price Determination Date" has the meaning set forth in the Transaction Auction Settlement Terms.

"Auction Settlement Amount" means, in relation to any Reference Entity and unless otherwise specified in the applicable Pricing Supplement, an amount in the Settlement Currency as determined by the Calculation Agent in accordance with the formula below:

$$\text{Auction Settlement Amount} = \text{Max} [0, [(A \times B) - C]]$$

where:

"A" means the aggregate principal amount outstanding of the Credit Linked Notes;

"B" means the relevant Auction Final Price; and

"C" means the Unwind Costs (unless the applicable Pricing Supplement specifies that Unwind Costs are not applicable, in which event "C" means zero).

"**Auction Settlement Date**" means:

- (a) (if "Settlement Deferral" is not specified as applicable) the date that is:
 - (i) in the case of an M(M)R Restructuring to which a No Auction Announcement Date has occurred pursuant to sub-paragraphs (b) or (c)(ii) of the definition of "No Auction Announcement Date", 65 CLN Business Days following the Final List Publication Date; and
 - (ii) otherwise, three CLN Business Days following the Auction Final Price Determination Date; or
- (b) (if "Settlement Deferral" is specified as applicable) if later, the Scheduled Maturity Date. For the avoidance of doubt, this shall be without prejudice to Credit Linked Condition 3(a) (*Cessation of Interest Accrual*).

"**Bankruptcy**" means the Reference Entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally or such a general assignment, arrangement, scheme or composition becomes effective;
- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition:
 - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
 - (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof;
- (e) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or
- (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in sub-paragraphs (a) to (g) above.

"**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.

"**Bond or Loan**" means any obligation that is either a Bond or a Loan.

"**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).

"**Capital Ratio**" means the ratio of capital to risk weighted assets applicable to the Obligation, as described in the terms thereof in effect from time to time.

"**Capped Reference Entity**" means, unless otherwise specified in the applicable Pricing Supplement, a Reference Entity having a specified Transaction Type in respect of which "**60 CLN Business Days Cap on Settlement**" is expressed as applying in the Physical Settlement Matrix.

"**Cash Settlement Amount**" means, in relation to any Reference Entity and unless otherwise specified in the applicable Pricing Supplement, an amount in the Settlement Currency as determined by the Calculation Agent in accordance with the formula below:

$$\text{Cash Settlement Amount} = \text{Max} [0, [(A \times B) - C]]$$

where:

"**A**" means the aggregate principal amount outstanding of the Credit Linked Notes;

"**B**" means the Final Price; and

"**C**" means the Unwind Costs (unless the applicable Pricing Supplement specify that Unwind Costs are not applicable, in which event "**C**" means zero).

"**Cash Settlement Date**" means:

- (a) the date that is the number of CLN Business Days specified in the applicable Pricing Supplement (or, if a number of CLN Business Days is not specified, three CLN Business Days) immediately following the determination of the Final Price; or
- (b) (if "Settlement Deferral" is specified as applicable) if later, the Scheduled Maturity Date. For the avoidance of doubt, this shall be without prejudice to Credit Linked Condition 3(a) (*Cessation of Interest Accrual*).

"**Change in Law**" means that, on or after the Issue Date (as specified in the applicable Pricing Supplement) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law, solvency or capital requirements), 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 or financial authority), or the combined effect thereof if occurring more than once, the Issuer determines in its sole and absolute discretion that:

- (a) 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; or
- (b) it or any of its Affiliates would incur a materially increased cost (including, without limitation, in respect of any tax, solvency or capital requirements) in maintaining the Notes in issue or in holding, acquiring or disposing of any relevant hedge positions of the Notes.

"**CLN Business Day**" means (a)(i) 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 applicable Pricing Supplement, and/or (ii) a TARGET Settlement Day (if

"**TARGET Settlement Day**" is specified in the applicable Pricing Supplement), or (b) if a place or places or such terms are not so specified, (i) if the Notes are denominated in the euro, a TARGET Settlement Day, or (ii) 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 currency of denomination of the Notes.

"**CLN Business Day Convention**", in relation to any particular date, has the meaning given in the applicable Pricing Supplement and, if so specified in the applicable Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) "Following Business Day Convention" means that the relevant date shall be postponed to the first following day that is a CLN Business Day;
- (b) "Modified Following Business Day Convention" means that the relevant date shall be postponed to the first following day that is a CLN Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a CLN Business Day;
- (c) "Preceding Business Day Convention" means that the relevant date shall be brought forward to the first preceding day that is a CLN Business Day; and
- (d) "No Adjustment" means that the relevant date shall not be adjusted in accordance with any CLN Business Day Convention.

"**CLN Dealer**" means a dealer in obligations of the type of Obligation(s) (as the case may be) for which quotations are to be obtained (as selected by the Calculation Agent) and may include the Calculation Agent or its Affiliate and a Noteholder or its Affiliate or as may otherwise be specified in the applicable Pricing Supplement.

"**CLN Maturity Date**" means either:

- (a) the Scheduled Maturity Date; or
- (b) where the Issuer delivers an Extension Notice in relation to a Reference Entity to the Calculation Agent and the Noteholders at or prior to 11:00 a.m. (London time) on the date falling two London Business Days prior to the Scheduled Maturity Date (or, if applicable, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date), either:
 - (i) the date falling two Business Days after the expiry of the Notice Delivery Period (or, if later, after the latest date on which it would be possible for the Calculation Agent to deliver a Credit Event Notice); or
 - (ii) if a Credit Event Resolution Request Date has occurred on or prior to the expiry of the Notice Delivery Period in relation to a Reference Entity and unless otherwise elected by the Issuer by written notice to the Calculation Agent and the Noteholders, the date falling 15 CLN Business Days following any date on which the Credit Derivatives Determinations Committee Resolves that the relevant event does not constitute a Credit Event, or Resolves not to make such determination.

"**Coco Provision**" means, with respect to an Obligation, a provision which requires (i) a permanent or temporary reduction of the amount of principal payable at redemption or (ii) a conversion of principal into shares or another instrument, in each case, if the Capital Ratio is at or below the Trigger Percentage.

"**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 both the NOPS Effective Date and the Delivery Date, provided, however, that a Deliverable Obligation other than Bonds will be a

Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor 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 sub-paragraph (a) of the definition of "**Deliverable Obligation**".

"**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 a Reference Entity is guaranteeing such Loan) or any agent, and, if specified as applicable to a Deliverable Obligation Category, the Consent Required Loan Deliverable Obligation Characteristic shall be applicable only in respect of obligations within the Deliverable Obligation Category that are Loans.

"**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 Definitions**" means the 2014 ISDA Credit Derivatives Definitions and, in addition, if Additional Provisions are specified to be applicable with respect to the Credit Linked Notes in the applicable Pricing Supplement, as supplemented by the Additional Provisions.

"**Credit Derivatives Determinations Committee**" means each committee established pursuant to the DC Rules for purposes of reaching certain DC Resolutions in connection with credit default swap transactions incorporating the 2014 Credit Derivatives Definitions, as published by ISDA.

"**Credit Event**" means the occurrence of one or more of Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium, Restructuring, Governmental Intervention or Additional Credit Event as specified with respect to a Reference Entity in the applicable Pricing Supplement. 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.

Any event occurring at midnight shall be deemed to have occurred immediately prior to midnight.

"**Credit Event Backstop Date**" means:

- (a) if Credit Event Backstop Date is specified as applying in the applicable Pricing Supplement, the date determined by the Calculation Agent:
 - (i) for purposes of any event that constitutes a Credit Event (or with respect to a Repudiation/Moratorium, if applicable, the event described in sub-paragraph (a)(ii) of the definition thereof), as determined by DC Resolution that is an Applicable Resolution, the date that is 60 calendar days prior to the Credit Event Resolution Request Date, *provided that* the Calculation Agent determines that the DC Resolution is an Applicable Resolution and the Credit Event Resolution Request Date relates to an Applicable Request; or
 - (ii) otherwise, the date that is 60 calendar days prior to the earlier of (i) the Notice Delivery Date, if the Notice Delivery Date occurs during the Notice Delivery Period and (ii) the Credit Event Resolution Request Date, if the Notice Delivery Date occurs during the Post Dismissal Additional Period, *provided that* the Calculation Agent determines that the Credit Event Resolution Request Date relates to an Applicable Request; or
- (b) if Credit Event Backstop Date is specified as not applicable in the Pricing Supplement, the Credit Event Backstop Date shall be deemed to be the Business Day following the Trade Date.

The Credit Event Backstop Date shall not be subject to adjustment in accordance with any CLN Business Day Convention.

"Credit Event Notice" means an irrevocable notice from the Calculation Agent to the Issuer (which may be in writing (including by facsimile and/or email and/or by telephone)) 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 Scheduled Maturity Date must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date. A Credit Event Notice that describes a Credit Event other than an M(M)R Restructuring must be in respect of the full relevant Reference Entity Notional Amount.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred, *provided that* where an Event Determination Date has occurred pursuant to sub-paragraph (a)(ii) of the definition of "Event Determination Date" or sub-paragraph (b) of the definition of "Non-Standard Event Determination Date", a reference to the relevant DC Credit Event Announcement shall suffice. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective.

"Credit Event 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:

- (a) the DC Credit Event Question was effective; and
- (b) the relevant Credit Derivatives Determinations Committee was in possession of Publicly Available Information with respect to such DC Credit Event Question.

"Currency Amount" means with respect to:

- (a) a Deliverable Obligation specified in a Notice of Physical Settlement that is denominated in a currency other than the Settlement Currency, an amount converted to the Settlement Currency using a conversion rate determined by reference to the Currency Rate; and
- (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, an amount converted to the Settlement Currency (or, if applicable, back into the Settlement Currency) using a conversion rate determined by reference to the Currency Rate, if any, and each Revised Currency Rate used to convert each Replaced Deliverable Obligation

Outstanding Amount specified in each NOPS Amendment Notice with respect to that portion of the Reference Entity Notional Amount 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 NOPS Amendment Notice, the rate of conversion between the Settlement Currency and the currency in which the Outstanding Amount of such Deliverable Obligation is denominated that is either:
 - (i) determined by reference to the Currency Rate Source as at the Next Currency Fixing Time; or
 - (ii) if such rate is not available at such time, as the Calculation Agent shall determine in a commercially reasonable manner; and
- (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the Revised Currency Rate.

"Currency Rate Source" means the mid-point rate of conversion published by WM/Reuters at 4:00 p.m. (London time), or any successor rate source approved by the relevant Credit Derivatives Determinations Committee.

"Cut-off Date" means the date specified as such in the applicable Pricing Supplement or if not so specified such other date specified by the Issuer, either in the Notice of Physical Settlement or otherwise.

"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 for purposes of certain credit derivative transactions has occurred with respect to the Reference Entity, and the Calculation Agent determines that (a) such DC Resolution is an Applicable Resolution relevant to the Notes and (b) such event occurred on or after the relevant Credit Event Backstop Date and on or prior to the Extension Date, *provided that* if the Credit Event occurred after the Scheduled Maturity Date, the DC Credit Event Announcement must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant 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 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 for purposes of the certain credit derivatives transactions with respect to such Reference Entity (or an Obligation thereof) and the Calculation Agent determines that such DC Resolution is an Applicable Resolution relevant to the Notes.

"DC Resolution" means a resolution made by a relevant Credit Derivatives Determinations Committee or, if the context requires, 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 applicable Pricing Supplement or its equivalent in the relevant Obligation Currency (or, if no such amount is specified, USD 10,000,000 or its equivalent in the relevant Obligation Currency) in either case, as of the occurrence of the relevant Credit Event.

"Deliver" means to deliver, novate, transfer (including, in the case of a Guarantee, transfer of the benefit of the Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title (or, with respect to Deliverable Obligations where only equitable title is customarily conveyed, all equitable title) and interest in the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, to the Noteholders free and clear of any and all liens, charges, claims or encumbrances (excluding any liens routinely imposed on all securities in a relevant clearance system, but including, without limitation, any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in sub-paragraphs (a) to (d) of the definition of "Credit Event" or right of set-off by or of the Reference Entity or any applicable Underlying Obligor); provided that (i) if a Deliverable Obligation is a Direct Loan Participation, "Deliver" means to create (or procure the creation of) a participation in favour of the Noteholders 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, (A) "Deliver" means to Deliver the Underlying Obligation, the Guarantee and all claims to any amounts which are subject to such Fixed Cap and (B) those claims shall be deemed to be Deliverable Obligations for purposes of any physical settlement. "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. Notwithstanding the previous sentence, in the case of a Loan, the Issuer and each Noteholder agrees to comply, for the purposes of the settlement of the Credit Linked Notes with the provisions of any documentation (which term shall be deemed to include any market advisory that the relevant Credit Derivatives Determinations Committee Resolves to approve for such purpose) that the relevant Credit Derivatives Determinations Committee Resolves constitutes documentation customarily used in the relevant market for Delivery of such Loan at that time, as such documentation may be amended to the extent the relevant Credit Derivatives Determinations Committee Resolves is appropriate, which is consistent with the delivery and payment obligations of the parties hereunder. The Issuer agrees, and each Noteholder is deemed to further agree, that compliance by the Issuer with the provisions of any such documentation shall be required for, and, without further action, constitute, Delivery for the purposes of this definition (to the extent that such documentation contains provisions describing how Delivery should be effected) and neither the Issuer nor any Noteholder shall be permitted to request that any party take nor shall the Issuer or any Noteholder be required to take, any action or make any payment in connection with such Delivery, as applicable, unless otherwise contemplated by such documentation.

"Deliverable Obligation" means, subject to Credit Linked Conditions 7(a), 7(b) and 7(c):

- (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) described by the applicable Deliverable Obligation Category and having each of the applicable Deliverable Obligation Characteristics, if any, as of the Delivery Date as selected by the Calculation Agent in its sole discretion;
- (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 specified as being applicable in the applicable Pricing Supplement, any Sovereign Restructured Deliverable Obligation; and
- (d) if Asset Package Delivery is specified as being applicable in the applicable Pricing Supplement, any Prior Deliverable Obligation (if "**Financial Reference Entity Terms**" is specified as applicable in the applicable Pricing Supplement) or any Package Observable Bond (if the Reference Entity is a Sovereign),

in each case, (i) unless it is an Excluded Deliverable Obligation and (ii) *provided that* the obligation has an Outstanding Principal Balance or Due and Payable Amount that is greater than zero (determined for purposes of sub-paragraph (d) above, immediately prior to the relevant Asset Package Credit Event).

"**Deliverable Obligation Category**" means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan as specified in relation to a Reference Entity. If any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics. No Deliverable Obligation Characteristics are applicable to Reference Obligations Only.

"**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, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer as specified in relation to a Reference Entity.

"**Deliverable Obligation Provisions**", in relation to any Reference Entity, has the meaning set forth in the Credit Derivatives Auction Settlement Terms.

"**Deliverable Obligation Terms**", in relation to any Reference Entity, 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 on which such Deliverable Obligation is Delivered (or deemed Delivered, as applicable).

"**Delivery Expenses**" means all costs, taxes, duties and/or expenses, including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes arising from the delivery of the Asset Amount.

"**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 (to the extent that the Issuer or is then a lender or 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).

"**Domestic Currency**" means the currency specified as such in the Pricing Supplement 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 organized, 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 organized, if such Reference Entity is not a Sovereign.

"Downstream Affiliate" means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. owned, directly or indirectly, by the Reference Entity.

"Due and Payable Amount" means the amount that is due and payable by the Reference Entity under the obligation whether by reason of maturity, acceleration, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts) less all or any portion of such amount which, pursuant to the terms of the obligation (a) is subject to any Prohibited Action, or (b) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (i) payment or (ii) a Permitted Contingency), in each case, determined in accordance with the terms of the obligation in effect on either (A) the NOPS 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 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 each of the following:

- (a) each of:
 - (i) any bank or other financial institution;
 - (ii) an insurance or reinsurance company;
 - (iii) a mutual fund, unit trust or similar collective investment vehicle (other than an entity described in sub-paragraph (c)(i) below); and
 - (iv) a registered or licensed broker or dealer (other than a natural person or proprietorship),

provided, however, that in each case that such entity has total assets of at least U.S.\$500 million;

- (b) an Affiliate of an entity specified in (a) above;
- (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 U.S.\$100 million; or
 - (B) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least U.S.\$100 million; or
 - (ii) that has total assets of at least U.S.\$500 million; or
 - (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support, or other agreement by an entity described in (a), (b), (c)(ii) or (d) hereof; and
- (d)
 - (i) any Sovereign; or

- (ii) any entity or organization 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,

and where references in this definition to U.S.\$ include such equivalent amounts in other currencies as may be determined by the Calculation Agent.

"Event Determination Date" means with a respect to a Credit Event and the Notes to which:

- (a) Auction Settlement is the applicable Settlement Method:
 - (i) subject to sub-paragraph (a)(ii) below, 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 sub-paragraph (a)(i) above, the Credit Event Resolution Request Date (in respect of an Applicable Request as determined by the Calculation Agent), 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:
 - (A)
 - (1) the Credit Event is not an M(M)R Restructuring; and
 - (2) the Trade Date occurs on or prior to the DC Announcement Coverage Cut-off Date; or
 - (B)
 - (1) the Credit Event is an M(M)R Restructuring; and
 - (2) a Credit Event Notice is delivered by the Calculation Agent to the Issuer and is effective on or prior to the Exercise Cut-off Date; or
- (b) sub-paragraph (a) above does not apply, the Non-Standard Credit Event Determination Date,

provided that:

- (A) no Physical Settlement Date, Cash Settlement Date or CLN Maturity Date has occurred on or prior to the date on which the DC Credit Event Meeting Announcement occurs;
- (B) if any Valuation Date or Delivery Date, as applicable, has occurred on or prior to the date on which the DC Credit Event Meeting Announcement occurs, an Event Determination Date shall be deemed to have occurred only with respect to the portion of the outstanding principal amount of each Note, if any, with respect to which no Valuation Date or Delivery Date, as applicable, has occurred; and
- (C) no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered by the Calculation Agent to the Issuer, (I) 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, (II) unless, and to the extent that, the Exercise Amount specified in such Credit Event Notice was less than the outstanding relevant Reference Entity Notional Amount, or (III) unless the Auction is an Applicable Auction with respect to the Notes and the Deliverable Obligations set out on the Final List are identical to the Permissible Deliverable Obligations for such Auction, as determined by the Calculation Agent.

"Excess Amount" means any amount paid to the Noteholders but which was not due on the Notes, as a result of the occurrence of a DC Credit Event Announcement or a Credit Event Resolution Request Date on or around the date on which the amount in question would otherwise have been required to be paid.

"Excluded Deliverable Obligation" means:

- (a) any obligation of the Reference Entity specified as such or of a type specified in the applicable Pricing Supplement;
- (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 the Reference Entity specified as such or of a type described in the applicable Pricing Supplement;
- (b) if "Financial Reference Entity Terms" and "Senior Transaction" are specified as applicable in the applicable Pricing Supplement, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Subordinated Obligation; and
- (c) if "Financial Reference Entity Terms" and "Subordinated Transaction" are specified as applicable in the applicable Pricing Supplement, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Further Subordinated Obligation.

"Exercise Amount" has the meaning given to it in Credit Linked Condition 7(a).

"Exercise Cut-off Date" means either:

- (a) with respect to an M(M)R Restructuring and the Notes to which sub-paragraph (a) of the definition of "Event Determination Date" applies:
 - (i) if the DC Secretary publishes a Final List applicable to the 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 and the Notes to which sub-paragraph (a) of the definition of "Event Determination Date" does not apply, the Non-Standard Exercise Cut-off Date,

or, in each case, such other date as the relevant Credit Derivatives Determinations Committee Resolves, *provided that* the Calculation Agent determines that such Resolution constitutes an Applicable Resolution.

"Extension Date" means the latest of:

- (a) the Scheduled Maturity Date;
- (b) the Grace Period Extension Date if:
 - (i) Failure to Pay is an applicable Credit Event in relation to any Reference Entity;
 - (ii) Grace Period Extension is specified as applicable in relation to such Reference Entity; and

- (iii) the Issuer delivers an Extension Notice;
- (c) the Repudiation/Moratorium Evaluation Date if:
 - (i) Repudiation/Moratorium is an applicable Credit Event in relation to any Reference Entity; and
 - (ii) the Issuer delivers an Extension Notice.

"Extension Notice" means a notice from the Issuer to the Calculation Agent and the Noteholders giving notice that the CLN Maturity Date shall be extended beyond the Scheduled Maturity Date, as provided in the definition of **"CLN Maturity Date"**.

"Failure to Pay" means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure. If 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 Transaction Type of the Reference Entity relates to Japan, Tokyo time), irrespective of the time zone of its place of payment.

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 Event" means:

- (a) an Auction Cancellation Date occurs;
- (b) a No Auction Announcement Date occurs (and in circumstances where the No Auction Announcement Date occurs pursuant to sub-paragraph (b) or (c)(ii) of the definition thereof, the Issuer has not exercised the Movement Option on or prior to the Movement Option Cut-Off Date);
- (c) a DC Credit Event Question Dismissal occurs;
- (d) an Event Determination Date was determined pursuant to sub-paragraph (a)(i) of the definition of "Event Determination Date" or sub-paragraph (a) of the definition of "Non-Standard Event Determination Date", and no Credit Event Resolution Request Date has occurred on or prior to the date falling three CLN Business Days after such Event Determination Date; or
- (e) an Event Determination Date was determined pursuant to sub-paragraph (b)(ii)(B)(II)(y) of the definition of "Non-Standard Event Determination Date",

in each case as determined by the Calculation Agent.

"Fallback Settlement Method" means Cash Settlement or Physical Settlement, as specified in the applicable Pricing Supplement.

"Final Delivery Date" means:

- (a) in the case of a Capped Reference Entity, the 60th CLN Business Day following the Physical Settlement Date (the **"60th CLN Settlement Date"**), *provided that* if, under the terms of a Hedge Transaction, the Original Bonds and Original Loans, may not be received by the Issuer and/or any of its Affiliates on or before the 60th CLN Settlement

Date but the Issuer and/or any of its Affiliates may, in accordance with the terms of the Hedge Transaction, receive or otherwise obtain such Original Bonds or such Original Loans or other Bonds or Loans in lieu thereof on or before the date falling three CLN Business Days (in a case where Original Bonds may be received or otherwise obtained after the Final Delivery Date) or ten CLN Business Days (in a case where Original Loans or other Loans or Bonds in lieu thereof may be received or otherwise obtained after the Final Delivery Date) after the 60th CLN Settlement Date, such date may be further extended to a date falling up to three CLN Business Days or ten CLN Business Days, respectively, after the original 60th CLN Settlement Date, or to such earlier date as the Calculation Agent may determine, in its absolute discretion; and

- (b) in the case of a Non-Capped Reference Entity, such date as the Calculation Agent may determine in its absolute discretion, provided that such date falls no later than the 120th CLN Business Day following the Physical Settlement Date or, in the absence of such determination, such 120th CLN Business Day.

"Final List" has the meaning given to that term in the DC Rules.

"Final List Publication Date" means, in respect of a Credit Event, the date on which the last Final List in respect of such Credit Event, if any, is published by the relevant Credit Derivatives Determination Committee.

"Final Price" means the price of the Reference Obligation(s) or Undeliverable Asset, 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 applicable Pricing Supplement or, if no Valuation Method is specified in the Pricing Supplement, the Valuation Method set out in the definition of "Valuation Method".

"First Ranking Interest" means 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 relevant insolvency jurisdiction of the LPN Issuer).

"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 CLN Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation or, as the case may be, Undeliverable Asset 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 both the NOPS Effective Date and the Delivery Date. 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 **"Fully Transferable Obligation"**.

"Further Subordinated Obligation" means, if the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, any obligation which is Subordinated thereto.

"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 of all of its obligations; or
- (d) any other authority which is analogous to any of the entities specified in sub-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;
- (d) if "CoCo Provisions" is specified as applicable in the applicable Pricing Supplement, the operation of one or more CoCo Provisions results in (i) a permanent or temporary reduction of the amount of principal payable at redemption or (ii) a conversion of principal into shares or another instrument; or
- (e) any event which has an analogous effect to any of the events specified in sub-paragraphs (a) to (d) above.

For purposes of the above, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee.

"Grace Period" means:

- (a) subject to sub-paragraphs (b) and (c), the applicable grace period with respect to payments under and in accordance with the relevant Obligation under the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred;
- (b) if Grace Period Extension is applicable in relation to the Reference Entity, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Date, the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the applicable Pricing Supplement or, if no period is specified, thirty 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 in relation to the relevant Reference Entity in the applicable Pricing Supplement, such deemed Grace Period shall expire no later than the Scheduled Maturity Date.

"Grace Period Business Day" means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation or, if a place or places are not so specified, (a) if the Obligation Currency is the euro, a TARGET Settlement Day, or (b) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the jurisdiction of the Obligation Currency.

"Grace Period Extension Date" means, if:

- (a) Grace Period Extension is specified as applicable in relation to a Reference Entity in the applicable Pricing Supplement as applicable pursuant to the relevant Transaction Type; and
- (b) a Potential Failure to Pay occurs on or prior to the Scheduled Maturity Date, the date that is the number of days in the Grace Period after the date of such Potential Failure to Pay.

"Guarantee" means a Relevant Guarantee or a guarantee which is the Reference Obligation.

"Hedge Disruption Event" means the Issuer and/or any of its Affiliates has not received the relevant Deliverable Obligations and/or cash under the terms of a Hedge Transaction.

"Hedge Transaction" means any transaction or trading position entered into or held by the Issuer and/or any of its Affiliates to hedge, directly or indirectly, the Issuer's obligations or positions (whether in whole or in part) in respect of the Credit Linked Notes.

"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) or any futures or options contract(s) it deems necessary to hedge its exposure 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) or any futures or options contract(s) or any relevant hedge positions relating to the Notes.

"Increased Cost of Hedging" means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the 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.

"Indicative Quotation" means, in accordance with the Quotation Method, each quotation obtained from a CLN Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the Reference Obligation or, as the case may be, Undeliverable Asset equal to the Quotation Amount, which reflects such CLN Dealer's reasonable assessment of the price of such Reference Obligation or Undeliverable Obligation, as applicable, based on such factors as such CLN Dealer may consider relevant, which may include historical prices and recovery rates.

"Interest" means, for the purposes of the definition of "First Ranking Interest", a charge, security interest or other type of interest having similar effect.

"Intervening Period" means such period of time as any person other than the relevant Noteholder shall continue to be registered as the legal owner of any securities or other obligations comprising the Asset Amount.

"ISDA" means the International Swaps and Derivatives Association, Inc. (or any successor thereto).

"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, in the sole determination of the Calculation Agent, this cannot be reasonably 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 it in the definition of Restructuring Maturity Limitation Date.

"Latest Permissible Physical Settlement Date" means, in respect of partial cash settlement due to a Potential Cash Settlement Event, 30 calendar days following the Physical Settlement Date and, in respect of Partial Cash Settlement (as specified in the applicable Pricing Supplement) in respect of a Deliverable Obligation comprised of Loans, the date that is 15 CLN Business Days after the Physical Settlement Date (or, where "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" applies, the Modified Restructuring Maturity Limitation Date).

"Legacy Reference Entity" has the meaning given to such term in Credit Linked Condition 6(b)(iii)(B) above.

"Limitation Date" means, in respect of a Credit Event that is a Restructuring, the first of March 20, June 20, September 20 or December 20 in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the **"2.5-year Limitation Date"**), 5 years (the **"5-year Limitation Date"**), 7.5 years, 10 years (the **"10-year Limitation Date"**), 12.5 years, 15 years or 20 years (the **"20-year Limitation Date"**), as applicable. Limitation Dates shall not be subject to adjustment unless otherwise provided in the applicable Pricing Supplement. Limitation Dates shall not be subject to adjustment in accordance with any CLN Business Day Convention unless otherwise provided in the applicable Pricing Supplement.

"Listed" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange and, if specified as applicable to an Obligation Category, the Listed Obligation Characteristic shall be applicable only in respect of obligations within that Obligation Category that are Bonds or, if specified as applicable to a Deliverable Obligation Category, the Listing Deliverable Obligation Characteristics shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Bonds.

"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.

"London Business Day" means a day on which commercial banks and foreign exchange markets are generally open to settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

"LPN" means any bond issued in the form of a loan participation note.

"LPN Issuer" means, in respect of any LPN, the entity which issued the relevant LPN.

"LPN Reference Obligation" means each Reference Obligation other than any Additional Obligation which is issued for the sole purpose of providing funds to the LPN Issuer to finance an Underlying Loan. 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 from constituting a Reference Obligation.

"Market Value" means, with respect to a Reference Obligation on a Valuation Date:

- (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;
- (d) if fewer than two Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject to sub-paragraph (b) of the definition of "**Quotation**", an amount that 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 CLN at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from CLN 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.

and, with respect to an Undeliverable Asset, on a Valuation Date, means (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 applicable Pricing Supplement 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 sub-paragraph (c) of the definition of "Quotation", an amount that the Calculation Agent shall determine 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, 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 CLN 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 Asset, obtained from CLN 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.

"Maximum Maturity" means an obligation that has a remaining maturity of not greater than the period specified in the applicable Pricing Supplement (or if no such period is specified, thirty years).

"Merger Event" means that at any time during the period from (and including) the Trade Date to (but excluding) the Scheduled Maturity Date the Issuer or a Reference Entity consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, the Issuer or a Reference Entity or the Issuer and a Reference Entity become Affiliates.

"Merger Event Redemption Date" means the date specified as such in the applicable Pricing Supplement.

"Minimum Quotation Amount" means the amount specified as such in the applicable Pricing Supplement (or its equivalent in the relevant Obligation Currency) or, if no such amount is so specified, the lower of:

- (a) U.S.\$1,000,000 (or its equivalent in the relevant Obligation Currency); and
- (b) the Quotation Amount.

"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 applicable Pricing Supplement.

"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 Scheduled Maturity Date. Subject to the foregoing, if the Scheduled Maturity Date is later than the 10-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

"Movement Option" means the option of the Issuer to apply the Parallel Auction Settlement Terms, if any, to the Credit Linked Notes, for purposes of settlement. The Issuer will determine which Parallel Auction Settlement Terms, if any, apply with respect to the Credit Linked Notes.

"Movement Option Cut-Off Date" means the date which is one Relevant City Business Day following the Exercise Cut-off Date, or such other date as the relevant Credit Derivatives Determinations Committee has Resolved.

"Multiple Holder Obligation" means an Obligation that:

- (a) 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
- (b) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event, provided that any Obligation that is a Bond shall be deemed to satisfy this requirement.

"N" or "Nth" means, where the applicable Pricing Supplement specify that "Nth-to-Default CLN" is applicable, such number as may be specified in such Pricing Supplement.

"Next Currency Fixing Time" means 4.00 p.m. (London time) on the London Business Day immediately following the date on which the Notice of Physical Settlement or relevant NOPs Amendment Notice, as applicable, is effective.

"No Auction Announcement Date" means, with respect to a Credit Event, the date on which the Calculation Agent determines that 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, and the Calculation Agent determines that such Resolution is an Applicable Resolution and no Applicable Auction will be held.

"Non-Capped Reference Entity" means a Reference Entity which is not a Capped Reference Entity.

"Non-Conforming Reference Obligation" means a Reference Obligation which is not a Conforming Reference Obligation.

"Non-Conforming Substitute Reference Obligation" means an obligation which would be a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of "Deliverable Obligation" on the Substitution Date but for one or more of the same reasons which resulted in the Reference Obligation constituting a Non-Conforming Reference Obligation on the date it was issued or incurred and/or immediately prior to the Substitution Event Date (as applicable).

"Non-Financial Instrument" means any Asset which is not of the type typically traded in, or suitable for being traded in, financial markets.

"Non-Standard Event Determination Date" means with respect to a Credit Event and the Notes:

- (a) subject to sub-paragraph (b) below, 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
- (b) notwithstanding sub-paragraph (a) above, 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:
 - (A)
 - (I) Auction Settlement is not the applicable Settlement Method;
 - (II) the relevant Credit Event is not an M(M)R Restructuring; and
 - (III) the Trade Date occurs on or prior to the DC Credit Event Announcement; or
 - (B)
 - (I) either:
 - (x) Auction Settlement is the applicable Settlement Method; or
 - (y) the relevant Credit Event is an M(M)R Restructuring; and

- (II) a Credit Event Notice is delivered by the Calculation Agent to the Issuer and is effective on or prior to the Non-Standard Exercise Cut-off Date; or
- (ii) the first date on which a Credit Event Notice is delivered by the Calculation Agent to the Issuer 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:
 - (A)
 - (I) Auction Settlement is not the applicable Settlement Method;
 - (II) the relevant Credit Event is not an M(M)R Restructuring; and
 - (III) the Trade Date occurs following the date of the related DC Credit Event Announcement and on or prior to the DC Announcement Coverage Cut-off Date; or
 - (B)
 - (I) the Trade Date occurs on or prior to a DC Announcement Coverage Cut-off Date; and
 - (II) either:
 - (x) Auction Settlement is not the applicable Settlement Method; or
 - (y) Auction Settlement is the applicable Settlement Method and a Credit Event Notice is delivered by the Calculation Agent to the Issuer and is effective on a date that is later than the relevant Exercise Cut-off Date,

provided that:

- (A) no Physical Settlement Date, Cash Settlement Date or CLN Maturity Date has occurred on or prior to the date on which the DC Credit Event Meeting Announcement occurs;
- (B) if any Valuation Date or Delivery Date, as applicable, has occurred on or prior to the date on which the DC Credit Event Meeting Announcement occurs, a Non-Standard Event Determination Date shall be deemed to have occurred only with respect to the portion of the outstanding principal amount of each Note, if any, with respect to which no Valuation Date or Delivery Date, as applicable, has occurred; and
- (C) no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered by the Calculation Agent to the Issuer, (I) 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, (II) unless, and to the extent that, the Exercise Amount specified in such Credit Event Notice was less than the outstanding relevant Reference Entity Notional Amount, or (III) unless the Auction is an Applicable Auction with respect to the Notes and the Deliverable Obligations set out on the Final List are identical to the Permissible Deliverable Obligations for such Auction, as determined by the Calculation Agent.

"Non-Standard Exercise Cut-off Date" means with respect to a Credit Event and the Notes:

- (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;
 - (iii) the date that is 14 calendar days following the No Auction Announcement Date, if any,
- as applicable; or
- (b) if such Credit Event is an M(M)R Restructuring and:
 - (i) the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is seven Relevant City Business Days following the date on which such Final List is published;
 - (ii) otherwise, the date that is 14 calendar days following the relevant No Auction Announcement Date.

"Non-Standard Reference Obligation" means, in respect of a Reference Entity, the Original Non-Standard Reference Obligation specified for such Reference Entity or, if a Substitute Reference Obligation has been determined for such Original Non-Standard Reference Obligation, such Substitute Reference Obligation.

"Non-Transferable Instrument" means any Asset which is not capable of being transferred to institutional investors, excluding due to market conditions.

"NOPS Amendment Notice" means a notice from the Issuer to the Calculation Agent notifying it, that the Issuer is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such NOPS Amendment Notice is effective) or the detailed description(s) thereof.

"NOPS Cut-off Date" means, subject, where applicable, to Credit Linked Condition 2(c) (*Suspension of Obligations*):

- (a) subject to sub-paragraph (b) below, the later of:
 - (i) the thirtieth calendar day after the 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 Exercise Cut-off Date); or
- (b) if "Physical Settlement" is applicable pursuant to the Fallback Settlement Method in accordance with sub-paragraph (a) or (b) of the definition of "Fallback Settlement Event" and:
 - (i) the relevant Credit Event is not an M(M)R Restructuring, the later of:
 - (A) the date determined pursuant to sub-paragraph (a)(i) above; and
 - (B) the thirtieth calendar day after the Auction Cancellation Date or the No Auction Announcement Date occurring pursuant to sub-paragraphs (a) or (c)(i) of the definition of "No Auction Announcement Date", as applicable; or
 - (ii) the relevant Credit Event is an M(M)R Restructuring, the later of:
 - (A) the date determined pursuant to sub-paragraph (a)(i) above; and

- (B) the thirtieth calendar day after:
- (1) a No Auction Announcement Date occurring pursuant to sub-paragraph (a) of the definition of "No Auction Announcement Date", if any;
 - (2) a No Auction Announcement Date occurring pursuant to sub-paragraph (c)(i) of the definition of "No Auction Announcement Date", if any; or
 - (3) the Auction Cancellation Date, if any, as applicable; or
 - (4) the Movement Option Cut-Off Date, where either:
 - (aa) a No Auction Announcement Date occurs pursuant to sub-paragraph (b) of the definition of "No Auction Announcement Date" and the Credit Linked Notes have not been subject to exercise of the Movement Option; or
 - (bb) a No Auction Announcement Date occurs pursuant to sub-paragraph (c)(ii) of the definition of "No Auction Announcement Date" and the Credit Linked Notes have not been subject to exercise of the Movement Option,

provided that in the case of sub-paragraphs (a)(ii) and (b) above, the relevant Credit Event Resolution Request Date, if any, occurred on or prior to the date described in sub-paragraph (a)(i) above and further provided that the NOPS Cut-off Date may be adjusted by the Calculation Agent using its discretion in order to match any Hedge Transaction.

"NOPS Effective Date" means the date on which an effective Notice of Physical Settlement or NOPS Amendment Notice, as the case may be, is delivered by the Issuer.

"Not Bearer" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear, Clearstream, Luxembourg or any other internationally recognised clearing system and, if specified as applicable to a Deliverable Obligation Category, the Not Bearer Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Bonds.

"Not Domestic Currency" means any obligation that is payable in any currency other than the Domestic Currency, provided that a Standard Specified Currency shall not constitute a Domestic Currency.

"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.

"Not Domestic Law" means any obligation that is not governed by the applicable Domestic Law, provided that the laws of England and the laws of the State of New York shall not constitute a Domestic Law.

"Not Sovereign Lender" means any obligation that is not primarily owed to (A) a Sovereign or (B) any entity or organization 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".

"**Not Subordinated**" means an obligation that is not Subordinated to (I) the Reference Obligation or (II) the Prior Reference Obligation, if applicable.

"**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 applicable Pricing Supplement, an effective Notice of Publicly Available Information, have been delivered by the Calculation Agent to the Issuer.

"**Notice Delivery Period**" means the period from and including the Trade Date to and including the date (the "**Notice Delivery End Date**") that is 15 CLN Business Days (or such other number of days as may be specified in the applicable Pricing Supplement) after the Extension Date (or, in respect of an M(M)R Restructuring, the later of:

- (a) the Notice Delivery End Date; and
- (b) the date that is 65 CLN Business Days following the Final List Publication Date).

"**Notice of Physical Settlement**" means a notice from the Issuer to the Calculation Agent and Noteholders that (a) confirms that the Issuer intends to settle the Notes and requires performance in accordance with Credit Linked Condition 4 (*Physical Settlement*), (b) contains a detailed description of each Deliverable Obligation that Issuer intends to Deliver to Noteholders, including, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available or applicable, the rate and tenor) of each such Deliverable Obligation and (c) specifies the Outstanding Principal Balance or Due and Payable Amount, as applicable, or the equivalent amount in the Settlement Currency (in each case, the "**Outstanding Amount**") and, if different, the face amount, of each such Deliverable Obligation and the aggregate Outstanding Amount of all Deliverable Obligations specified in the Notice of Physical Settlement that Issuer intends to Deliver to Noteholders (the "**Aggregate Outstanding Amount**").

"**Notice of Publicly Available Information**" means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer 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 must contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applicable in the applicable Pricing Supplement 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.

"**Nth-to-Default CLN**" means any First-to-Default CLN or any other nth-to-default Credit Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities, as specified in the applicable Pricing Supplement.

"**Obligation**" means:

- (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) described by the applicable Obligation Category and having each of the applicable Obligation Characteristics, if any, in each case, immediately prior to the relevant Credit Event as selected by the Calculation Agent in its sole discretion; and
- (b) the Reference Obligation,

in each case, unless it is an Excluded Obligation.

"**Obligation Acceleration**" means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of

default or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

"Obligation Category" means Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in relation to a Reference Entity.

"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 as specified in relation to a Reference Entity.

"Obligation Currency" means the currency or currencies in which an Obligation is denominated.

"Obligation Default" means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default, or other similar condition or event (howsoever described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

"Original Bonds" means any Bonds comprising part of the relevant Deliverable Obligations.

"Original Loans" means any Loans comprising part of the relevant Deliverable Obligations.

"Original Non-Standard Reference Obligation" means, in relation to a Reference Entity, the obligation of such Reference Entity (either directly or as provider of a guarantee) which is specified as the Reference Obligation for such Reference Entity in the applicable Pricing Supplement (if any is so specified) provided that, if an obligation is not an obligation of such Reference Entity, such obligation will not constitute a valid Original Non-Standard Reference Obligation for purposes of the 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 (a) otherwise specified in the applicable Pricing Supplement or (b) (i) "Reference Obligation Only" is specified as the Obligation Category and the Deliverable Obligation Category for the Reference Entity in the applicable Pricing Supplement or (ii) "Standard Reference Obligation" is specified as not applicable for the Reference Entity in the applicable Pricing Supplement.

"Outstanding Amount" means the Outstanding Principal Balance or Due and Payable Amount, as applicable.

"Outstanding Principal Balance" means in relation to an obligation an amount 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, the Reference Entity's accrued but unpaid interest payment obligations (which, in the case of a Guarantee will be the lower of (A) 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 (B) 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, (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) (the amount determined in sub-paragraph (a) above *less* any amounts subtracted in accordance with sub-paragraph (b), the "**Non-Contingent Amount**"); and
- (c) third, by determining the Quantum of the Claim, which shall then constitute the Outstanding Principal Balance,

in each case, determined:

- (A) unless otherwise specified, in accordance with the terms of the obligation in effect on either (I) the NOPS 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 (II) the Valuation Date, as applicable; and
- (B) with respect to the Quantum of the Claim only, in accordance with any applicable laws (insofar as such laws reduce or discount the size of the claim to reflect the original issue price or accrued value of the obligation).

"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 the definition of Deliverable Obligation set out in sub-paragraph (a) or (b) of the definition of "Deliverable Obligation", in each case, immediately preceding the date on which the relevant Asset Package Credit Event was legally effective,

"Parallel Auction" means "Auction" as defined in any relevant Parallel Auction Settlement Terms.

"Parallel Auction Cancellation Date" means "Auction Cancellation Date" as defined in any 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 the Deliverable Obligation Terms are the same as the Deliverable Obligation Provisions applicable to the Notes and the Calculation Agent determines that the related Auction would not be an Applicable Auction for the purposes of the Notes.

"Partial Cash Settlement Amount" means, where the applicable Settlement Method is Physical Settlement, an amount determined by the Calculation Agent equal to the greater of:

- (a)
 - (i) the aggregate, for each Undeliverable Asset, of:
 - (A) the relevant Outstanding Principal Balance, Due and Payable Amount or Currency Amount, as applicable, of such Undeliverable Asset specified in the relevant Notice of Physical Settlement (or, as applicable, NOPS Amendment Notice); multiplied by
 - (B) the Final Price of such Undeliverable Asset,

less
 - (ii) if applicable, the Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the relevant Asset Amount), and
- (b) zero.

"Partial Cash Settlement Date" means, in respect of a Noteholder, the date falling three CLN Business Days (unless otherwise specified in relation to a Reference Entity) after the date on which the Final Price can first be determined in respect of each Undeliverable Asset for such Holder.

"Paying Agent" means each entity acting as a paying agent for the Credit Linked Notes, being:

- (a) the Issuer or, if another entity is specified as the primary paying agent in the applicable Pricing Supplement, such entity; and
- (b) any other entity specified as an additional paying agent in the applicable Pricing Supplement,

and, in each case, their respective successors and assigns.

"Payment" means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money.

"Payment Requirement" means the amount specified as such in the applicable Pricing Supplement or its equivalent in the relevant Obligation Currency (or, if no such amount is specified, USD 1,000,000 or its equivalent in the relevant Obligation Currency as determined by the Calculation Agent in a commercially reasonable manner) 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 on the Final List pursuant to the Deliverable Obligation Terms that are applicable to that Auction.

"Permitted Contingency" means, with respect to an obligation, any reduction to the Reference Entity's payment obligations:

- (a) as a result of the application of:
 - (i) any provisions allowing a transfer, pursuant to which another party may assume all of the payment obligations of the Reference Entity;
 - (ii) provisions implementing the Subordination of the obligation;
 - (iii) provisions allowing for a Permitted Transfer in the case of a Qualifying Guarantee (or provisions allowing for the release of the Reference Entity from its payment obligations in the case of any other Guarantee);
 - (iv) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as applicable in the applicable Pricing Supplement; or
 - (v) provisions which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, if "Financial Reference Entity Terms" is specified as applicable in the applicable Pricing Supplement; 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 Adjustment" means a reduction to the Outstanding Amount of Deliverable Obligations specified in a Notice of Physical Settlement, by an amount of Deliverable Obligations having a liquidation value equal to the Unwind Costs (only if positive) rounded upwards to the nearest whole denomination of a Deliverable Obligation, such amount to be determined by the Calculation Agent. For the avoidance of doubt, if the applicable Pricing Supplement specifies that Unwind Costs are not applicable, the Physical Settlement Adjustment shall be zero.

"Physical Settlement Adjustment Rounding Amount" means an amount (if any) equal to the difference between the absolute value of the Physical Settlement Adjustment and the liquidation value of such whole number of Deliverable Obligations as are not required to be Delivered by the Issuer by way of compensation for any Unwind Costs.

"Physical Settlement Date" means the last day of the longest Physical Settlement Period following the NOPS Cut-off Date as the Calculation Agent may designate in its sole discretion. If all Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable are Delivered on or before the day so designated, the date that Delivery of such Deliverable Obligations is completed shall be deemed to be the Physical Settlement Date.

"Physical Settlement Matrix" means the "Credit Derivatives Physical Settlement Matrix", as most recently amended and supplemented as at the Trade Date (unless otherwise specified in the Pricing Supplement) and as published by ISDA on its website at www.isda.org (or any successor website thereto), provided that any reference therein to:

- (a) "Confirmation" shall be deemed to be a reference to the applicable Pricing Supplement;
- (b) "Floating Rate Payer Calculation Amount" shall be deemed to be a reference to the Specified Currency;
- (c) "Section 3.3 of the Definitions" shall be deemed to be a reference to "Credit Event Notice" as defined in this Annex;
- (d) "Section 3.9" shall be deemed to be a reference to Credit Linked Condition 7(a); and
- (e) "Section 8.6" shall be deemed to be a reference to "Physical Settlement Period" as defined in this Annex.

"Physical Settlement Period" means, subject to Credit Linked Condition 2(d), the number of CLN Business Days specified as such in relation to a Reference Entity or, if a number of CLN Business Days is not so specified, then, with respect to a Deliverable Obligation specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, the longest number of CLN Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent *provided that* if he Issuer has notified the Calculation Agent and Noteholders that it intends to Deliver an Asset Package in lieu of a Prior Deliverable Obligation or a Package Observable Bond, the Physical Settlement Period shall be thirty CLN Business Days.

"Portfolio CLN" means Credit Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of a basket of Reference Entities (other than on an Nth-to-default basis), as specified in the applicable Pricing Supplement.

"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 sixteen 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 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 subparagraph (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 the definition of Deliverable Obligation set out in subparagraph (a) or (b) of the definition of "Deliverable Obligation", in each case,

immediately preceding the date on which such Governmental Intervention was legally effective; or

- (b) if a Restructuring which does not constitute a Governmental Intervention has occurred in respect of the Reference Obligation (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.

"Prior Reference Obligation" means, in circumstances where there is no Reference Obligation applicable to the Notes, (I) the Reference Obligation most recently applicable thereto, if any, and otherwise, (II) the obligation specified in the applicable Pricing Supplement 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.

"Private-side Loan" means a Loan in respect of which the documentation governing its terms is not publicly available or capable of being made public without violating a law, agreement, understanding or other restriction regarding the confidentiality of such information.

"Prohibited Action" means any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in sub-paragraphs (a) to (d) of the definition of "Credit Event" or right of setoff by or of the Reference Entity or any applicable Underlying Obligor.

"Public Source" means each source of Publicly Available Information specified as such in the applicable Pricing Supplement (or, if no such source is specified in the applicable Pricing Supplement, 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 and 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:

- (a) information that reasonably confirms any of the facts relevant to the determination that the Credit Event or Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice have occurred and which:
 - (i) has been published in or on not less than two Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information provided that, if either the Calculation Agent or the Issuer or any of its respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless either the Calculation Agent or the Issuer or any of its Affiliates is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent, facility agent or agent bank for an Obligation;
 - (ii) is information received from or published by (A) a Reference Entity (or for a Reference Entity which 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 (B) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or
 - (iii) is information contained in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body,

provided that where any information of the type described in sub-paragraph(ii) or (iii) 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.

- (b) In relation to any information of any type described in sub-paragraphs (a)(ii) or (iii) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party 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 third parties.
- (c) In relation to a Repudiation/Moratorium Credit Event, Publicly Available Information must relate to the events described in both sub-paragraphs (a)(i) and (ii) of the definition of "Repudiation/Moratorium".
- (d) Publicly Available Information need not state:
 - (i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
 - (ii) that such occurrence:
 - (A) has met the Payment Requirement or Default Requirement;
 - (B) is the result of exceeding any applicable Grace Period; or
 - (C) has met the subjective criteria specified in certain Credit Events.

"Qualifying Affiliate Guarantee" means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of 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:
 - (A) provisions permitting or anticipating a Governmental Intervention, if "Financial Reference Entity Terms" is specified as applicable in the applicable Pricing Supplement; or
 - (B) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as applicable in the applicable Pricing Supplement.

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" 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:

- (x) the benefit of such guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation; and
- (y) 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 relation to a Reference Entity. 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, in respect of a Reference Obligation or an Undeliverable Asset, as the case may be, each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage of the Outstanding Principal Balance or Due and Payable Amount, as applicable, of the Reference Obligation or the Undeliverable Asset, as applicable, 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 CLN Dealers.
- (b) If the Calculation Agent is unable to obtain two or more such Full Quotations on the same CLN Business Day within three CLN Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each CLN Business Day thereafter until the tenth CLN Business Day following the Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more CLN Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation.
- (c) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same CLN Business Day on or prior to the tenth CLN Business Day following the applicable Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a CLN Dealer at the Valuation Time on such tenth CLN Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation or the Undeliverable Asset, as applicable, obtained from CLN Dealers at the Valuation Time on such tenth CLN 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:

- (a) with respect to a Reference Obligation, the amount specified as such in the applicable Pricing Supplement or, if no amount is specified in the applicable Pricing Supplement, the Aggregate Nominal Amount (or, in either case, its equivalent in the relevant

Obligation Currency, which shall be converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained);

- (b) with respect to each type or issue of Undeliverable Asset, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency as calculated in the same manner as (a) above) of such Undeliverable Asset.

"Quotation Method" means the quotation method specified in the applicable Pricing Supplement by reference to one of the following terms:

- (a) **"Bid"** means that only bid quotations shall be requested from CLN Dealers;
- (b) **"Offer"** means that only offer quotations shall be requested from CLN Dealers; or
- (c) **"Mid market"** means that bid and offer quotations shall be requested from CLN Dealers and shall be averaged for purposes of determining a relevant CLN Dealer's quotation.

If a Quotation Method is not specified in the applicable Pricing Supplement, or if Credit Linked Condition 4(b) applies, Bid shall apply.

"Reference Entity" or **"Reference Entities"** means the reference entity or reference entities specified in the applicable Pricing Supplement. Any Successor to a Reference Entity either:

- (a) identified by the Calculation Agent in accordance with the definition of "Successor" on or following the Trade Date; or
- (b) identified pursuant to a DC Resolution in respect of a Succession Event 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 a Reference Entity for the Credit Linked Notes, as the terms of which may be modified pursuant to the provisions described in Credit Linked Condition 6.

"Reference Entity Notional Amount" means the amount in which the Issuer has purchased credit protection in respect of one or more Reference Entities, as set out in the applicable Pricing Supplement (or, if no such amount is specified, the Aggregate Nominal Amount of the Notes *divided* by the number of Reference Entities), subject to Credit Linked Condition 6.

"Reference Obligation" means:

- (a) the Reference Obligation specified in relation to a Reference Entity;
- (b) any Substitute Reference Obligation;
- (c) if "Standard Reference Obligation" is specified in the applicable Pricing Supplement, the Reference Obligation will be the obligation of the Reference Entity with the relevant Seniority Level which is specified on the list of Standard Reference Obligations as published by ISDA (or by a third party designated by ISDA) from time to time as determined by the Calculation Agent in its sole discretion (the **"Standard Reference Obligation"**). If, in the determination of the Calculation Agent, the Standard Reference Obligation is removed from the list published by ISDA, such obligation shall cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) and there shall be no Reference Obligation unless and until, in the determination of the Calculation Agent, such obligation is subsequently replaced on the list published by ISDA, in which case, the new Standard Reference Obligation in respect of the Reference Entity shall constitute the Reference Obligation; or

- (d) if (i) "Standard Reference Obligation" is specified as applicable in the applicable Pricing Supplement (or no election is specified in the applicable Pricing Supplement), (ii) there is no Standard Reference Obligation and (iii) a Non-Standard Reference Obligation is specified in the applicable Pricing Supplement, in which case the Reference Obligation will be (A) the Non-Standard Reference Obligation to but excluding the first date of publication of the Standard Reference Obligation and (B) the Standard Reference Obligation from such date onwards, provided that the Standard Reference Obligation that is published would have been eligible to be selected as a Substitute Reference Obligation.

"Reference Obligation Only" means any obligation that is a Reference Obligation and no Obligation Characteristics or, as the case may be, Deliverable Obligation Characteristics shall be applicable where Reference Obligation Only applies.

"Reference Portfolio" means, in respect of a Portfolio CLN, the basket of Reference Entities applicable to such Credit Linked Notes, as specified in the applicable Pricing Supplement.

"Reference Price" means the percentage specified as such in relation to a Reference Entity or, if a percentage is not so specified, 100 per cent.

"Relevant City Business Day" has the meaning given to that term in the DC Rules.

"Relevant Guarantee" means a Qualifying Affiliate Guarantee or, if "All Guarantees" is specified as applicable in the applicable Pricing Supplement, a Qualifying Guarantee.

"Relevant Holder" means a holder of the Prior Deliverable Obligation or Package Observable Bond, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, immediately prior to the relevant Asset Package Credit Event, equal to the Outstanding Amount specified in respect of such Prior Deliverable Obligation or Package Observable Bond in the Notice of Physical Settlement, or NOPS Amendment Notice, as applicable.

"Relevant Obligations" means:

- (a) subject to sub-paragraph (b) below, 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:
- (i) any Bonds or Loans outstanding between the Reference Entity and any of its Affiliates, or held by the Reference Entity, shall be excluded;
 - (ii) if there is a Steps Plan, the Calculation Agent shall, for purposes of the determination required to be made under sub-paragraph (a) of the definition of "Successor", make the appropriate adjustments required to take account of any Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" that are issued, incurred, redeemed, repurchased or cancelled from and including the legally effective date of the first succession to and including the Succession Date;
 - (iii) if "Financial Reference Entity Terms" and "Senior Transaction" are specified as applicable in the applicable Pricing Supplement, the Relevant Obligations shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan"; and
 - (iv) if "Financial Reference Entity Terms" and "Subordinated Transaction" are specified as applicable in the applicable Pricing Supplement, Relevant Obligations shall exclude Senior Obligations and any Further Subordinated Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan", provided that if no such Relevant Obligations exist, "Relevant Obligations" shall have the same meaning as it would if "Senior Transaction" were specified as applicable in the applicable Pricing Supplement.

- (b) where "LPN Reference Entity" is applicable to a Reference Entity, each of the obligations listed as a Reference Obligation of such Reference Entity in the relevant "LPN Reference Obligation List" as published by Markit Group Limited, or any successor thereto, which list is currently available at <http://www.markit.com/marketing/services.php>, any Additional LPN, and each Additional Obligation.

"Replacement Deliverable Obligation" means each replacement Deliverable Obligation that the Issuer will, subject to Credit Linked Condition 4, Deliver to the Noteholders in lieu of each original Deliverable Obligation which has not been Delivered as at the date of such NOPS Amendment Notice.

"Replaced Deliverable Obligation Outstanding Amount" means the Outstanding Amount of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, that is being replaced.

"Replacement Reference Entity" means an entity selected by the Calculation Agent in its discretion which is incorporated in the same geographical area, has the same Transaction Type as the Legacy Reference Entity and which is of a similar or better credit quality than the Legacy Reference Entity, as measured by Standard & Poor's Ratings Services and/or by Moody's Investors Service Ltd., at the date of the relevant succession provided that in selecting any Replacement Reference Entity, the Calculation Agent is under no obligation to the Noteholders, the Issuer or any other person and, provided that the Successor selected meets the criteria specified above, is entitled, and indeed will endeavour, to select the least credit-worthy of the Successors. In making any selection, the Calculation Agent will not be liable to account to the Noteholders, the Issuer or any other person for any profit or other benefit to it or any of its Affiliates which may result directly or indirectly from any such selection.

"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 Scheduled Maturity Date:

- (a) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of:
- (i) the date that is 60 days after the date of such Potential Repudiation/Moratorium; and
 - (ii) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date); and
- (b) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium,

provided that, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date unless the Repudiation/Moratorium Extension Condition is satisfied.

"Repudiation/Moratorium Extension Condition" means a condition which is satisfied (i) if the Calculation Agent determines that the DC Secretary publicly announces, pursuant to a valid request that was delivered and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the Reference Entity and that such event occurred on or prior to the Scheduled Maturity Date and such Resolution constitutes an Applicable Resolution, or (ii) otherwise, by the delivery by the Issuer to the Calculation Agent and Noteholders of a Repudiation/Moratorium Extension Notice and, unless "Notice of Publicly Available Information" is specified as not applicable in the applicable Pricing Supplement, a Notice of Publicly Available Information that are each effective on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date. In all cases, the Calculation Agent may determine that the Repudiation/Moratorium Extension Condition has not been satisfied, or is 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 relevant Reference Entity, or (B) an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Maturity Date.

"Repudiation/Moratorium Extension Notice" means an irrevocable notice from the Issuer to the Calculation Agent and Noteholders that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Maturity Date. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

"Resolve" has the meaning given to that term in the DC Rules, and "Resolution", "Resolved" and "Resolves" shall be interpreted accordingly.

"Restructured Bond or Loan" means an Obligation which is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

"Restructuring" means:

- (a) that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by the Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation (including, in each case, in respect of Bonds only, by way of 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 and the date as of which such Obligation is issued or incurred:
 - (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
 - (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
 - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest, or (B) the payment of principal or premium;

- (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
 - (v) any change in the currency 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).
- (b) Notwithstanding the provisions of sub-paragraph (a) above, none of the following shall constitute a Restructuring:
- (i) the payment in euros of interest, principal or premium in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
 - (ii) the redenomination from euros into another currency, if (A) the redenomination occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority and (B) a freely available market rate of conversion between euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest, principal or premium payable, as determined by reference to such freely available market rate of conversion;
 - (iii) the occurrence of, agreement to or announcement of any of the events described in sub-paragraphs (a) (a)(i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
 - (iv) the occurrence of, agreement to or announcement of any of the events described in sub-paragraphs (a)(i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity, provided that in respect of sub-paragraph (a)(v) 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.
- (c) For purposes of sub-paragraphs (a) and (b) above and the definition of "Multiple Holder Obligation", 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 sub-paragraph (a) above shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in sub-paragraph (b) above shall continue to refer to the Reference Entity.
- (d) If an exchange has occurred, the determination as to whether one of the events described under sub-paragraphs (a)(i) to (v) 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, the Limitation Date occurring on or immediately following the Scheduled Maturity Date provided

that, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a "**Latest Maturity Restructured Bond or Loan**") and the Scheduled Maturity Date occurs prior to the final maturity date of such Latest 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.

"**Revised Currency Rate**" means, with respect to a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the rate of conversion between the currency in which the Replaced Deliverable Obligation Outstanding Amount is denominated and the currency in which the Outstanding Amount of such Replacement Deliverable Obligation is denominated that is determined either:

- (i) by reference to the Currency Rate Source as at the Next Currency Fixing time; or
- (ii) if such rate is not available at such time, as the Calculation Agent shall determine in a commercially reasonable manner.

"**Scheduled Maturity Date**" means the date specified as such in the applicable Pricing Supplement which shall not be subject to adjustment in accordance with any CLN Business Day Convention unless otherwise specified in the applicable Pricing Supplement.

"**Seniority Level**" means, with respect to an obligation of the Reference Entity, (a) "Senior Level" or "Subordinated Level" as specified in the applicable Pricing Supplement, or (b) if no such seniority level is specified in the applicable Pricing Supplement, "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 Reference Entity.

"**Settlement Currency**" means the currency specified as such in the applicable Pricing Supplement, or if no currency is so specified in the applicable Pricing Supplement, the Specified Currency.

"**Settlement Method**" means the settlement method specified as such in the applicable Pricing Supplement and if no Settlement Method is specified in the applicable Pricing Supplement, Auction Settlement.

"**Single Name CLN**" means Credit Linked Notes 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 Credit Event Notice or DC Credit Event Announcement has occurred and (b) which fell within the sub-paragraph (a) of the definition of "Deliverable Obligation" immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

"**Sovereign Succession Event**" means, with respect to a Reference Entity that is a Sovereign, an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other similar event.

"Specified Currency" means an obligation that is payable in the currency or currencies specified as such in the applicable Pricing Supplement (or, if "Specified Currency" is specified in the applicable Pricing Supplement 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.

"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, in respect of a Reference Entity, the obligation of such Reference Entity with the relevant Seniority Level which is specified from time to time on the SRO List, as determined by the Calculation Agent in its sole discretion. If, in the determination of the Calculation Agent, the Standard Reference Obligation for a Reference Entity is removed from the SRO List, such obligation shall cease to be the Reference Obligation for such Reference Entity (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) and there shall be no Reference Obligation for such Reference Entity unless and until, in the determination of the Calculation Agent, such obligation is subsequently replaced on the SRO List, in which case, the new Standard Reference Obligation in respect of such Reference Entity shall constitute the Reference Obligation for such Reference Entity.

"Standard Specified Currencies" means 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) (and each a **"Standard Specified Currency"**).

"Steps Plan" means a plan evidenced by Eligible Information contemplating that there will be a series of successions to some or all of the Relevant Obligations of the Reference Entity, by one or more entities.

"Subordinated Obligation" means any obligation which is Subordinated to any unsubordinated Borrowed Money obligation of the Reference Entity or which would be so Subordinated if any unsubordinated Borrowed Money obligation of the Reference Entity existed.

"Subordination" means, with respect to an obligation (the **"Second Obligation"**) and another obligation of the Reference Entity to which such obligation is being compared (the **"First Obligation"**), a contractual, trust or similar arrangement providing that (I) upon the liquidation, dissolution, reorganization 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.

"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 original Reference Obligation, determined by the Calculation Agent as follows:

- (a) The Calculation Agent shall identify the Substitute Reference Obligation in accordance with sub-paragraphs (c), (d) and (e) below to replace the original 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 such DC Resolution.
- (b) If any of the events set forth under sub-paragraphs (a) or (c) 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 sub-paragraph (c)(ii) below). If the event set forth in sub-paragraph (b) of the definition of "Substitution Event" 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 sub-paragraphs (a) or (c) of the definition of "Substitution Event" occur with respect to such Non-Standard Reference Obligation.
- (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:
 - (I) is a Deliverable Obligation (other than a Loan) determined in accordance with sub-paragraph (a) of the definition of "Deliverable Obligation"; or if no such obligation is available;
 - (II) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of "Deliverable Obligation";
 - (B) if the original 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:
 - (I) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available;
 - (II) is a Deliverable Obligation (other than a Loan) determined in accordance with sub-paragraph (a) of the definition of "Deliverable Obligation"; or if no such obligation is available;
 - (III) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available;

- (IV) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of "Deliverable Obligation"; or
- (C) if the original Reference Obligation was a Loan which was a Non-Conforming Reference Obligation when incurred and/or immediately prior to the Substitution Event Date:
 - (I) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,
 - (II) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,
 - (III) is a Deliverable Obligation (other than a Loan) determined in accordance with sub-paragraph (a) of the definition of "Deliverable Obligation"; or if no such obligation is available,
 - (IV) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of "Deliverable Obligation".
- (d) If more than one potential Substitute Reference Obligation is identified pursuant to the process described in sub-paragraph (c), 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 Credit Linked Notes, as determined by the Calculation Agent. The Calculation Agent will notify the Issuer of the Substitute Reference Obligation as soon as reasonably practicable after it has been identified in accordance with sub-paragraph (c) and the Substitute Reference Obligation shall replace the original Reference Obligation immediately upon such notification.
- (e) If a Substitution Event has occurred with respect to the original Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for the original Reference Obligation, then, subject to sub-paragraph (a) and notwithstanding the fact that the original Reference Obligation may have ceased to be the Reference Obligation in accordance with sub-paragraph (b), the Calculation Agent shall use reasonable commercial efforts to continue to attempt to identify the Substitute Reference Obligation.
- (f) Notwithstanding the above, if (a) "Reference Obligation Only" is specified as the Obligation Category and the Deliverable Obligation Category for the Reference Entity in the applicable Pricing Supplement and (b) "Standard Reference Obligation" is specified as not applicable for the Reference Entity in the applicable Pricing Supplement:
 - (i) no Substitute Reference Obligation shall be determined in respect of the Reference Obligation;
 - (ii) if the events set out in paragraph (a) of the definition of "Substitution Event" occur, the Substitution Event Date shall be the CLN Maturity Date and the Issuer shall make payment of the outstanding principal amount of the Notes as described in Credit Linked Condition 2(b); and
 - (iii) if the events set out in paragraph (b) or (c) of the definition of "Substitution Event" occur with respect to the Reference Obligation, such Reference Obligation shall continue to be the Reference Obligation.

"Substitution Date" means, with respect to a Substitute Reference Obligation, the date on which the Calculation Agent notifies the Issuer that such Substitute Reference Obligation has been identified in accordance with the definition of "Substitute Reference Obligation".

"Substitution Event" means, with respect to the original Reference Obligation (other than a Standard Reference Obligation):

- (a) the Non-Standard Reference Obligation is redeemed in whole;
- (b) the aggregate amounts due under the Non-Standard Reference Obligation have been reduced by redemption or otherwise below USD 10,000,000 (or its equivalent in the relevant Obligation Currency, as determined by the Calculation Agent); or
- (c) 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),

and for the purposes of identification of the Non-Standard Reference Obligation, any change in the Non-Standard Reference Obligation's CUSIP number or ISIN or other similar identifier will not, in and of itself, constitute a Substitution Event.

If an event described in sub-paragraphs (a) or (b) above has occurred on or prior to the Trade Date, then a Substitution Event shall be deemed to have occurred pursuant to sub-paragraphs (a) or (b) 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 of the Calculation Agent in accordance with the definition of "Successor" would not be affected by any further related successions in respect of such Steps Plan, or (ii) the occurrence of an Event Determination Date in respect of the Reference Entity or any entity which would constitute a Successor.

"Successor" means, subject to sub-paragraph (c) below, in relation to any Reference Entity, each Successor that ISDA has publicly announced, including prior to the Issue Date, that the relevant Credit Derivatives Determinations Committee has Resolved is a Successor to the original Reference Entity on or following the Successor Backstop Date in accordance with the DC Rules; or if no Successor has been identified by a Credit Derivatives Determinations Committee:

- (a)
 - (i) subject to sub-paragraph (vii) below, if one entity succeeds, either directly or as a provider of a Relevant Guarantee, to seventy-five per cent or more of the Relevant Obligations of the Reference Entity, that entity will be the sole Successor in respect of the relevant Reference Entity;
 - (ii) if only one entity succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent (but less than seventy-five per cent) of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent of the Relevant Obligations will be the sole Successor in respect of the relevant Reference Entity;
 - (iii) if more than one entity each succeeds, either directly or 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;
 - (iv) if one or more entities each succeeds, either directly or 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;

- (v) if one or more entities succeed, either directly or 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 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
 - (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 in respect of the relevant Reference Entity.
- (b) The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the existence of the relevant Successor, any Successor or Successors; provided that the Calculation Agent will not make such determination if, at the time of determination, ISDA 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 in relation to the determination of any Successor or Successors on the basis of Eligible Information and will notify the Issuer of any such calculation or determination as soon as practicable.

In calculating the percentages used to determine whether an entity qualifies as a Successor, 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.

- (c) 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 January 1, 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.
- (d) For purposes of sub-paragraphs (a) to (c) above, "**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 sub-paragraphs (a) to (c) above, "**Succeeded**" and "**Succession**" shall be construed accordingly.

- (e) In the case of an exchange offer, the determination required pursuant to the sub-paragraph (a) 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.
- (f) 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 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.

"**Successor Backstop Date**" means for purposes of any Successor the date that is ninety calendar days prior to the Trade Date *provided* however *that* the Successor Backstop Date may be adjusted by the Calculation Agent using its discretion in order to match any Hedge Transaction. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any CLN Business Day Convention.

"**Successor Notice**" means an irrevocable notice (which may be in writing (including by facsimile and/or email and/or by telephone)) from the Calculation Agent (which the Calculation Agent has the right but not the obligation to deliver) 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 of such succession (or Sovereign Succession Event).

"**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, *provided that* the Calculation Agent determines that such request and the DC Resolution constitute an Applicable Request and an Applicable Resolution.

"**Surviving Reference Entity**" has the meaning given to such term in Credit Linked Condition 6(b)(ii) above.

"**TARGET Settlement Day**" means any day on which TARGET2 (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open.

"**Trade Date**" means the date specified as such in the applicable Pricing Supplement.

"**Transaction Auction Settlement Terms**" means, in respect of any Reference Entity and a related Credit Event, the Credit Derivatives Auction Settlement Terms published by ISDA with respect to the Auction which the Calculation Agent determines to be the Applicable Auction with respect to the Notes.

"**Transaction Type**" means, unless otherwise specified in the applicable Pricing Supplement, each "Transaction Type" specified as such in the Physical Settlement Matrix from time to time.

"Transferable" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions:

- (a) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation);
- (b) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or
- (c) restrictions in respect of blocked periods on or around payment dates or voting periods.

"Trigger Percentage" means the trigger percentage specified in the Pricing Supplement (or if no such trigger percentage is specified, 5.25% per cent.)

"Undeliverable Asset" means an Undeliverable Obligation, Undeliverable Loan Obligation, Unassignable Obligation, Undeliverable Participation, Non-Deliverable Obligation or an obligation which the Issuer has been unable to Deliver to the relevant Noteholder as described in sub-paragraph (y) of Credit Linked Condition 7(c).

"Unassignable Obligation" has the meaning given to such term in Credit Linked Condition 4(b)(iii) above.

"Undeliverable Loan Obligation" has the meaning given to such term in Credit Linked Condition 4(b)(ii) above.

"Undeliverable Obligation" has the meaning given to such term in Credit Linked Condition 4(b)(i) above.

"Undeliverable Participation" has the meaning given to such term in Credit Linked Condition 4(b)(iv) above.

"Underlying Finance Instrument" means where the LPN Issuer provides finance to the Reference Entity by way of a deposit, loan or other Borrowed Money instrument.

"Underlying Loan" means a loan advanced to the Reference Entity by an LPN Issuer.

"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 applicable Pricing Supplement or if **"Standard Unwind Costs"** are specified in the applicable Pricing Supplement (or in the absence of any such specification), an amount, subject to a minimum of zero, determined by the Calculation Agent equal to the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Issuer in connection with the redemption of the Credit Linked Notes and the related termination, settlement or re-establishment of any Hedge Transaction, such amount to be apportioned *pro rata* amongst the principal amount of each Credit Linked Note outstanding.

"Valuation Date" means:

- (a) if **"Single Valuation Date"** is specified in the applicable Pricing Supplement, subject to Credit Linked Condition 2(c), the date that is the number of Business Days specified in the applicable Pricing Supplement (or, if the number of Business Days is not so specified, five Business Days) following the Event Determination Date (or if the Event

Determination Date occurs pursuant to sub-paragraph (a)(ii) of the definition of "Event Determination Date" or sub-paragraph (b)(i) of the definition of "Non-Standard Event Determination Date", the day on which the DC Credit Event Announcement occurs) (or, if "**Cash Settlement**" is applicable pursuant to the Fallback Settlement Method, the date that is the number of Business Days specified in the applicable Pricing Supplement (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

- (b) if "**Multiple Valuation Dates**" is specified in the applicable Pricing Supplement, each of the following dates:
 - (i) subject to Credit Linked Condition 2(c), the date that is the number of Business Days specified in the applicable Pricing Supplement (or, if the number of Business Days is not so specified, five Business Days) following the Event Determination Date (or if the Event Determination Date occurs pursuant to sub-paragraph (a)(ii) of the definition of "Event Determination Date" or sub-paragraph (b)(i) of the definition of "Non-Standard Event Determination Date", the day on which the DC Credit Event Announcement occurs) (or, if "**Cash Settlement**" is applicable pursuant to the Fallback Settlement Method, the date that is the number of Business Days specified in the applicable Pricing Supplement (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
 - (ii) each successive date that is the number of Business Days specified in the applicable Pricing Supplement (or, if the number of Business Days is not so specified, five Business Days) after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When "**Multiple Valuation Dates**" is specified in the applicable Pricing Supplement, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the applicable Pricing Supplement (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither "**Single Valuation Date**" nor "**Multiple Valuation Dates**" is specified in the applicable Pricing Supplement, "Single Valuation Date" shall apply.

For the purposes of Credit Linked Condition 4(b), the Valuation Date is deemed to be the date that is up to fifteen CLN Business Days (as selected by the Calculation Agent in its sole discretion) after the Latest Permissible Physical Settlement Date.

"Valuation Method":

- (a) The following Valuation Methods may be specified in the applicable Pricing Supplement for a Series 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.

If no such Valuation Method is specified in the applicable Pricing Supplement, the Valuation Method shall be "**Highest**".

- (b) The following Valuation Methods may be specified in the applicable Pricing Supplement for a Series 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.

If no such Valuation Method is specified in the applicable Pricing Supplement, the Valuation Method shall be "**Average Highest**".

- (c) Notwithstanding sub-paragraphs (a) and (b) above, if Quotations include Weighted Average Quotations or fewer than two Full Quotations, the Valuation Method shall be "**Market**" or "**Average Market**", as the case may be.
- (d) Notwithstanding sub-paragraphs (a), (b) and (c) above, for the purposes of Credit Linked Condition 4(b), the 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**" means the time specified in relation to a Reference Entity or, if no time is so specified, 11.00 a.m. in the principal trading market for the Reference Obligation or the Undeliverable Asset, as the case may be.

"**Voting Shares**" means those 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 CLN Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation or the Undeliverable Asset, 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 (but of a size at least equal to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

ANNEX 2

EQUITY LINKED CONDITIONS

The terms and conditions applicable to Equity Linked Notes shall comprise the Conditions of the Notes (the "**General Conditions**") and the additional terms and conditions set out below (the "**Equity Linked Conditions**"), in each case subject to completion in the applicable Pricing Supplement. In the event of any inconsistency between the General Conditions and the Equity Linked Conditions, the Equity Linked Conditions shall prevail.

1. **General**

The Pricing Supplement for a particular issue of Equity Linked Notes shall specify the type of Equity Linked Notes, being Single Share Notes, Share Basket Notes, Single Index Notes, Index Basket Notes or such other type as may be specified in the Pricing Supplement.

2. **Valuation, Market Disruption and Averaging Dates**

(a) "**Valuation Date**" means each date specified as such in the applicable Pricing Supplement, each Knock-In Determination Day, and each Knock-Out Determination Day (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), subject to the provisions of Equity Linked Condition 2(c). If any Valuation Date is a Disrupted Day, then:

(i) in the case of a Single Index Note or Single Share Note, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days (or such other number of days specified in the Pricing Supplement as the Maximum Number of Disrupted Days) immediately following the Scheduled Valuation Date (and, as the case may be, the relevant Knock-In Determination Day or each Knock-Out Determination Day) is a Disrupted Day. In that case, (1) the last such Disrupted Day (the "**Last Disrupted Scheduled Trading Day**") shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (2) the Calculation Agent shall determine in its sole and absolute discretion:

(A) in respect of a Single Index Note, the level of the Index as of the Valuation Time on the Last Disrupted Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Last Disrupted Scheduled Trading Day of each security or other property 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 Disrupted Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the Last Disrupted Scheduled Trading Day); and

(B) in respect of a Single Share Note, its good faith estimate of the value for the Share as of the Valuation Time on the Last Disrupted Scheduled Trading Day;

(ii) in the case of an Index Basket Note, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Index, unless each of the eight Scheduled Trading Days (or such other number of days specified in the Pricing Supplement as the Maximum Number of Disrupted Days) immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Index. In that case, (i) the last such Disrupted Day (the "**Last Disrupted Scheduled Trading Day**") shall be deemed to be the Valuation Date for the relevant Index, notwithstanding the fact that such day is a

Disrupted Day, and (ii) the Calculation Agent shall determine, in its sole and absolute discretion, the level of that Index as of the Valuation Time on the Last Disrupted 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 price as of the Valuation Time on the Last Disrupted 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 Disrupted Scheduled Trading Day, its good faith estimate of the value for each relevant security as of the Valuation Time on the Last Disrupted Scheduled Trading Day); and

(iii) in the case of a Share Basket Note, the Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and for each Share affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Share, unless each of the eight Scheduled Trading Days (or such other number of days specified in the Pricing Supplement as the Maximum Number of Disrupted Days) immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Share. In that case, (i) the last such Disrupted Day (the "**Last Disrupted Scheduled Trading Day**") shall be deemed to be the Valuation Date for the relevant Share, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine, in its sole and absolute discretion, its good faith estimate of the value for that Share (as the case may be) as of the Valuation Time on the Last Disrupted Scheduled Trading Day.

(b) For the purposes hereof:

"**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.

(c) If Averaging Dates are specified in the applicable Pricing Supplement as being applicable, then, notwithstanding any other provisions of these Equity Linked Conditions, the following provisions will apply to the valuation of the relevant Index, Share, Basket of Indices or Basket of Shares in relation to a Valuation Date:

(i) "**Averaging Date**" means, in respect of each Valuation Date, each date specified or otherwise determined as provided in the applicable Pricing Supplement (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day);

(ii) For purposes of determining the Settlement Price in relation to a Valuation Date, the Settlement Price will be:

(A) in respect of a Single Index Note or a Single Share Note, the arithmetic mean of the Relevant Prices of the Index or the Shares (as the case may be) on each Averaging Date;

(B) in respect of an Index Basket Note, the arithmetic mean of the amounts for the Basket of Indices determined by the Calculation Agent in its sole and absolute discretion as provided in the applicable Pricing Supplement as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Settlement Price are so provided, the arithmetic mean of the amounts for the Basket calculated on each Averaging Date as the sum of the Relevant Prices of each Index comprised in the Basket (weighted or adjusted in relation to each Index as provided in the applicable Pricing Supplement); and

(C) in respect of a Share Basket Note, the arithmetic mean of the amounts for the Basket of Shares determined by the Calculation Agent in its sole and absolute discretion as provided in the applicable Pricing

Supplement as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Settlement Price is so provided, the arithmetic mean of the amounts for the Basket calculated on each Averaging Date as the sum of the Relevant Prices of each Share comprised in the Basket (weighted or adjusted in relation to each Share as provided in the applicable Pricing Supplement).

- (d) If an Averaging Date is a Disrupted Day, then if, in relation to "**Averaging Date Disruption**", the consequence specified in the applicable Pricing Supplement is:
- (i) "**Omission**", then such Averaging Date will be deemed not to be a relevant Averaging Date for the purposes of determining the relevant Settlement Price *provided that*, if through the operation of this provision no Averaging Date would occur with respect to the relevant Valuation Date, then Equity Linked Condition 2(a) will apply for purposes of determining the relevant level, price or amount on the final Averaging Date in respect of that Valuation Date as if such final Averaging Date were a Valuation Date that was a Disrupted Day;
 - (ii) "**Postponement**", then Equity Linked Condition 2(a) 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 for the relevant Notes; or
 - (iii) "**Modified Postponement**", then:
 - (A) in the case of a Single Index Note or a Single Share Note, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the last Scheduled Trading Day in the period of eight Scheduled Trading Days (or such other number of days specified in the Pricing Supplement as the Maximum Number of Disrupted Days) immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in relation to the relevant Scheduled Valuation Date, then (A) such 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, in its sole and absolute discretion, the relevant level or price for that Averaging Date in accordance with (x) in the case of a Single Index Note, Equity Linked Condition 2(a)(i)(A) and (y) in the case of a Single Share Note, Equity Linked Condition 2(a)(i)(B);
 - (B) in the case of an Index Basket Note or a Share Basket Note, the Averaging Date for each Index or Share (as the case may be) not affected by the occurrence of a Disrupted Day shall be the date specified in the applicable Pricing Supplement as an Averaging Date in relation to the relevant Valuation Date, and the Averaging Date for an Index or Share (as the case may be) affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index or Share (as the case may be). If the first succeeding Valid Date in relation to such Index or Share (as the case may be) has not occurred as of the Valuation Time on the last Scheduled Trading Day in the period of eight Scheduled Trading Days (or such other number of days specified in the Pricing Supplement as the Maximum Number of Disrupted Days) immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in relation to the relevant Scheduled Valuation Date, then (A) such Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled

Trading Day is already an Averaging Date) in relation to such Index or Share (as the case may be), and (B) the Calculation Agent shall determine, in its sole and absolute discretion, the relevant level or amount for that Averaging Date in accordance with (x) in the case of an Index Basket Note, Equity Linked Condition 2(a)(ii) and (y) in the case of a Share Basket Note, Equity Linked Condition 2(a)(iii); and

- (C) "**Valid Date**" shall mean a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not, or is not deemed to, occur.
- (e) If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Maturity Date or, as the case may be, the relevant Physical Settlement Date or (ii) the occurrence of an Extraordinary Event, an Index Adjustment Event, a Potential Adjustment Event or an Additional Disruption Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

3. **Adjustments to Indices**

This Equity Linked Condition 3 (*Adjustments to Indices*) is applicable only in relation to Notes specified in the applicable Pricing Supplement as being Single Index Notes or Index Basket Notes.

- (a) *Successor Index*: If a relevant Index is (i) not calculated and announced by the Index Sponsor, but is calculated and announced by a successor sponsor acceptable to the Calculation Agent in its sole and absolute discretion or (ii) replaced by a Successor Index using, in the determination of the Calculation Agent (such determination to be at the Calculation Agent's sole and absolute discretion), 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) *Index Adjustment Events*: If (i) on or prior to any Valuation Date, a relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating that 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 securities and capitalisation and other routine events) (an "**Index Modification**") or permanently cancels the Index and no Successor Index exists (an "**Index Cancellation**") or (ii) on any Valuation Date the Index Sponsor fails to calculate and announce a relevant Index (an "**Index Disruption**" (*provided that* the Calculation Agent may, in its sole and absolute discretion, determine that, in respect of a Multi-Exchange Index, such failure to calculate and announce such Index shall instead be a Disrupted Day in respect of such Index), and together with an Index Modification and an Index Cancellation, each an "**Index Adjustment Event**"), then (A) in the case of an Index Modification or an Index Disruption, the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall calculate in its sole and absolute discretion the relevant Settlement Price, Relevant Price or any other variable relevant to the redemption, settlement, payment or other terms of the relevant Notes as the Calculation Agent determines, in its sole and absolute discretion, to be appropriate to account for the Index Modification or Index Disruption using, in lieu of a published level for that Index, the level for that Index as at that Valuation Date as determined by the Calculation Agent in its sole and absolute discretion in accordance with the formula for and method of calculating that Index last in effect prior to that change, failure or cancellation, but using only those securities that comprised that Index immediately prior to that Index Adjustment Event and (B) in the case of an Index Cancellation, the Issuer may, at any time thereafter and in its sole and absolute discretion, determine that the Notes shall be redeemed as of any later date. If the Issuer so determines that the Notes shall be redeemed, then the Issuer shall give not less than five Business Days' notice to the Noteholders to redeem the Notes and upon redemption the Issuer will pay in respect of each Note an amount equal to the fair market value of such Note, on such day as is selected by the Calculation Agent in its sole and absolute

discretion (*provided that* such day is not more than 15 days before the date fixed for redemption of the Note), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements, all as calculated by the Calculation Agent in its sole and absolute discretion. The Issuer's obligations under the Notes shall be satisfied in full upon payment of such amount. If the Issuer determines that the relevant Notes shall continue, the Calculation Agent may make such adjustment as the Calculation Agent, in its sole and absolute discretion, considers appropriate, if any, to the formula for the Final Redemption Amount and/or the Settlement Price set out in the applicable Pricing Supplement and any other variable relevant to the redemption, settlement or payment terms of the Notes, which change or adjustment shall be effective on such date as the Calculation Agent shall determine.

- (c) *Correction of Index Levels*: If the level of an Index published by the Index Sponsor and which is utilised by the Calculation Agent for any calculation or determination (the "**Original Determination**") under the Notes is subsequently corrected and the correction (the "**Corrected Value**") is published by the Index Sponsor by such time as may be specified in the applicable Pricing Supplement (or, if none is so specified, within one Settlement Cycle after the original publication and prior to the Maturity Date), then the Calculation Agent will notify the Issuer and the Fiscal Agent of the Corrected Value as soon as reasonably practicable and shall determine the relevant value (the "**Replacement Determination**") using the Corrected Value. If the result of the Replacement Determination is different from the result of the Original Determination, to the extent that it determines to be necessary and practicable, the Calculation Agent may adjust any relevant terms of the Notes accordingly.
- (d) *Notice*: Upon the occurrence of an Index Adjustment Event, the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with General Condition 14 (*Notices*) giving details of the action proposed to be taken in relation thereto.

4. **Adjustments affecting Shares**

This Equity Linked Condition 4 (*Adjustments affecting Shares*) is applicable only in relation to Single Share Notes and Share Basket Notes.

- (a) *Adjustments for Potential Adjustment Events*: Following the declaration by the Share Issuer of the terms of a Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will (i) make such adjustment as it in its sole and absolute discretion considers appropriate, if any, to the formula for the Final Redemption Amount and/or the Settlement Price set out in the applicable Pricing Supplement, the number of Shares to which each Note relates, the number or weighting of Shares comprised in a Basket of Shares, the amount, the number of or type of shares or other securities which may be delivered in respect of such Notes and/or any other adjustment and, in any case, any other variable relevant to the exercise, settlement, payment or other terms of the relevant Notes as the Calculation Agent determines, in its sole and absolute discretion, to be appropriate to account for that diluting or concentrative effect and (ii) determine, in its sole and absolute discretion, the effective date(s) of such adjustment(s).
- (b) *Correction of Share Prices*: If any price published on the Exchange and which is utilised by the Calculation Agent for any calculation or determination (the "**Original Determination**") under the Notes is subsequently corrected and the correction (the "**Corrected Value**") is published by the Exchange by such time as may be specified in the applicable Pricing Supplement (or, if none is so specified, within one Settlement Cycle after the original publication and prior to the Maturity Date), then the Calculation Agent will notify the Issuer and the Fiscal Agent of the Corrected Value as soon as reasonably practicable and shall determine the relevant value (the "**Replacement Determination**") using the Corrected Value. If the result of the Replacement Determination is different from the result of the Original Determination, to the extent

that it determines to be necessary and practicable, the Calculation Agent may adjust any relevant terms accordingly.

5. **Extraordinary Events**

This Equity Linked Condition 5 (*Extraordinary Events*) is applicable only in relation to Notes specified in the applicable Pricing Supplement as being Single Share Notes or Share Basket Notes.

(a) Merger Event or Tender Offer:

- (i) Following the occurrence of any Merger Event or Tender Offer, the Issuer will, in its sole and absolute discretion, determine whether the relevant Notes shall continue or shall be redeemed early.
- (ii) If the Issuer determines that the relevant Notes shall continue, the Calculation Agent may make such adjustment as the Calculation Agent, in its sole and absolute discretion, considers appropriate, if any, to the formula for the Final Redemption Amount and/or the Settlement Price set out in the applicable Pricing Supplement, the number or weighting of Shares to which each Note relates, the number of Shares comprised in a Basket of Shares (as the case may be), the amount, the number of or type of shares or other securities which may be delivered under such Notes and, in any case, any other variable relevant to the redemption, settlement, or payment terms of the relevant Notes and/or any other adjustment, which change or adjustment shall be effective on such date as the Calculation Agent shall determine.
- (iii) If the Issuer determines that the relevant Notes shall be redeemed early, then the Issuer shall give not less than five Business Days' notice to the Noteholders to redeem the Notes and the Issuer's obligations under the Notes shall be satisfied in full upon payment of the Merger Event Settlement Amount (in the case of a Merger Event) or Tender Offer Settlement Amount (in the case of a Tender Offer).
- (iv) For the purposes hereof:

"**Merger Date**" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent, in its sole and absolute discretion;

"**Merger Event**" means, in respect of any relevant Shares and as determined by the Calculation Agent, 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 the Share Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Issuer is the continuing entity and which does not result in a reclassification or change of all 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 Share Issuer 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 Share Issuer or its subsidiaries with or into another entity in which the Share Issuer 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 (a "**Reverse Merger**"), in each case if the

Merger Date is on or before, (A) if Physical Settlement is specified in the applicable Pricing Supplement as applying in relation to any Note, the later to occur of the Maturity Date and the Physical Settlement Date or, (B) in any other case, the final Valuation Date.

"Merger Event Settlement Amount" means in respect of each Note, an amount equal to the fair market value of such Note, on such day as is selected by the Calculation Agent in its sole and absolute discretion (*provided that* such day is not more than 15 days before the date fixed for redemption of the Note), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements, all as calculated by the Calculation Agent in its sole and absolute discretion.

"Tender Offer" means, in respect of any Shares and as determined by the Calculation Agent, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Share Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

"Tender Offer Date" means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained, as determined by the Calculation Agent in its sole and absolute discretion.

"Tender Offer Settlement Amount" means, in respect of each Note, an amount equal to the fair market value of such Note, on such day as is selected by the Calculation Agent in its sole and absolute discretion (*provided that* such day is not more than 15 days before the date fixed for redemption of the Note), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements, all as calculated by the Calculation Agent in its sole and absolute discretion.

- (b) Nationalisation, Insolvency and Delisting:
 - (i) If in the determination of the Calculation Agent:
 - (A) all the Shares or all or substantially all the assets of a Share Issuer, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof ("**Nationalisation**"); or
 - (B) by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of, or any analogous proceeding affecting, a Share Issuer (1) all the Shares of that Share Issuer are required to be transferred to a trustee, liquidator or other similar official or (2) holders of the Shares of that Share Issuer become legally prohibited from transferring them ("**Insolvency**"); or
 - (C) the Exchange announces that pursuant to the rules of such Exchange the 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 an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any Member State of the European Union) ("**Delisting**"),

then the Issuer will, in its sole and absolute discretion, determine whether or not the Notes shall continue.

- (ii) If the Issuer determines that the relevant Notes shall continue, the Calculation Agent may make such adjustment as the Calculation Agent, in its sole and absolute discretion, considers appropriate, if any, to the formula for the Final Redemption Amount and/or the Settlement Price set out in the applicable Pricing Supplement, the number or weighting of Shares to which each Note relates, the number of Shares comprised in a Basket of Shares, the amount, the number of or type of shares or other securities which may be delivered under such Notes and, in any case, any other variable relevant to the redemption, settlement or payment terms of the relevant Notes and/or any other adjustment, which change or adjustment shall be effective on such date as the Calculation Agent shall determine.
- (iii) If the Issuer determines that the relevant Notes shall be redeemed early, then the Issuer shall give not less than five Business Days' notice to redeem the Notes. The Issuer's obligations under the Notes shall be satisfied in full upon payment of, in respect of each Note, an amount equal to the fair market value of such Note, on such day as is selected by the Calculation Agent in its sole and absolute discretion (*provided that* such day is not more than 15 days before the date fixed for redemption of the Note), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements, all as calculated by the Calculation Agent in its sole and absolute discretion.

6. **Additional Disruption Events**

- (a) Following the occurrence of an Additional Disruption Event, the Issuer will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue or be redeemed early.
- (b) If the Issuer determines that the relevant Notes shall continue, the Calculation Agent may make such adjustment as the Calculation Agent, in its sole and absolute discretion, considers appropriate, if any, to the formula for the Final Redemption Amount and/or the Settlement Price set out in the applicable Pricing Supplement, the number or weighting of Shares to which each Note relates, the number of Shares comprised in a Basket, the amount, the number of or type of shares or other securities or assets which may be delivered under such Notes and, in any case, any other variable relevant to the redemption, settlement, or payment terms of the relevant Notes and/or any other adjustment (including without limitation, in relation to Share Basket Notes or Index Basket Notes, the removal of any Shares or Index, as the case may be, affected by the relevant Additional Disruption Event, and the adjustment of such terms of the Notes as the Calculation Agent considers to be appropriate as a result of such removal), which change or adjustment shall be effective on such date as the Calculation Agent shall determine.
- (c) If the Issuer determines that the relevant Notes shall be redeemed early, then the Issuer shall give not less than five Business Days' notice to redeem the Notes and the Issuer's obligations under the Notes shall be satisfied in full upon payment in respect of each Note of an amount equal to the fair market value of such Note, on such day as is selected by the Calculation Agent in its sole and absolute discretion (*provided that* such day is not more than 15 days before the date fixed for redemption of the Note), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements, all as calculated by the Calculation Agent in its sole and absolute discretion.

(d) The Issuer shall as soon as reasonably practicable under the circumstances notify the Fiscal Agent and the Calculation Agent of the occurrence of an Additional Disruption Event.

(e) For the purposes hereof:

"**Additional Disruption Event**" means with respect to any Series of Notes (unless otherwise specified in the applicable Pricing Supplement) a Change in Law, Hedging Disruption, Increased Cost of Hedging, Loss of Stock Borrow and Increased Cost of Stock Borrow, and any further event or events as may be specified in the applicable Pricing Supplement as an Additional Disruption Event with respect to such Notes.

7. **Partial Lookthrough Depositary Receipt Provisions**

(a) Where the applicable Pricing Supplement specifies that the "**Partial Lookthrough Depositary Receipt Provisions**" shall apply to a Share, then the provisions set out in this Equity Linked Condition 7 (*Partial Lookthrough Depositary Receipt Provisions*) shall apply, and, in relation to such Share, the other provisions of this Annex shall be deemed to be amended and modified as set out in this Equity Linked Condition 7 (*Partial Lookthrough Depositary Receipt Provisions*).

(b) The definition of "**Potential Adjustment Event**" shall be amended so that it reads as follows:

""**Potential Adjustment Event**" means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Shares and/or Underlying Shares (unless resulting in a Merger Event), or a free distribution or dividend of any such Shares and/or Underlying 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 and/or Underlying Shares specified in the applicable Pricing Supplement of (A) such Shares and/or Underlying Shares, (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of a Share Issuer or Underlying Share Issuer, as appropriate, equally or proportionately with such payments to holders of such Shares and/or Underlying Shares, (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Issuer or Underlying Share Issuer, as appropriate, 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 (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an Extraordinary Dividend;
- (iv) a call by a Share Issuer or Underlying Share Issuer, as appropriate, in respect of relevant Shares and/or Underlying Shares that are not fully paid;
- (v) a repurchase by a Share Issuer or Underlying Share Issuer, as appropriate, or any of its subsidiaries of relevant Shares and/or Underlying Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of a Share Issuer or Underlying Share Issuer, as appropriate, 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 Share Issuer or Underlying Share Issuer, as appropriate, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as

determined by the Calculation Agent, *provided that* any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights;

- (vii) any other event having, in the opinion of the Calculation Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Shares and/or Underlying Shares; and
- (viii) the making of any amendment or supplement to the terms of the Deposit Agreement,

provided that an event under (i) to (vii) (inclusive) above in respect of Underlying Shares shall not constitute a Potential Adjustment Event unless, in the opinion of the Calculation Agent, such event has a diluting or concentrative effect on the theoretical value of the Shares."

- (c) If the Calculation Agent determines that:
 - (i) an event under (i) to (vii) (inclusive) of the definition of "**Potential Adjustment Event**" has occurred in respect of any Underlying Shares; or
 - (ii) an event under (viii) of the definition of "**Potential Adjustment Event**" has occurred, the Calculation Agent will determine whether such Potential Adjustment Event has an economic effect on the Notes,

and, in each case, the Calculation Agent will make the corresponding adjustment(s), if any, to one or more of any variable relevant to the exercise, settlement, payment or other terms of these Equity Linked Conditions and/or the applicable Pricing Supplement as the Calculation Agent determines appropriate to account for (A) in respect of an event under (i) to (vii) (inclusive) of the definition of "**Potential Adjustment Event**", the diluting or concentrative effect on the theoretical value of the Shares, and (B) in respect of an event under (viii) of the definition of "Potential Adjustment Event", such economic effect on the Notes, as the case may be (*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), following the Potential Adjustment Event. The Calculation Agent may (among other factors) have reference to any adjustment made by the Depositary under the Deposit Agreement.

If the Calculation Agent determines that no adjustment that it could make will produce a commercially reasonable result, it shall notify the Issuer and the Noteholders that the relevant consequence shall be the early redemption of the Notes, in which case, on such date as selected by the Calculation Agent in its sole and absolute discretion, the Issuer shall redeem the Notes upon prior notice made to the Noteholders, and the Issuer will cause to be paid to each Noteholder in respect of each Note held by it an amount equal to the Early Redemption Amount of such Notes.

- (d) The definitions of "**Merger Event**" and "**Tender Offer**" shall be amended in accordance with the DR Amendment.
- (e) If the Calculation Agent determines that a Merger Event or Tender Offer has occurred in respect of any Underlying Share, then, where the Calculation Agent makes an adjustment to these Equity Linked Conditions and/or the applicable Pricing Supplement in connection with a Merger Event or Tender Offer, the Calculation Agent may (among other factors) have reference to any adjustment made by the Depositary under the Deposit Agreement.
- (f) The definitions of "**Nationalisation**", "**Insolvency**" and "**Delisting**" shall be amended in accordance with the DR Amendment.
- (g) Notwithstanding anything to the contrary in the definition of "Delisting", a Delisting shall not occur in respect of any Underlying Share if such Underlying Shares are immediately relisted, re-traded or re-quoted on an exchange or quotation system regardless of the location of such exchange or quotation system.

- (h) If the Calculation Agent determines that a Nationalisation or Insolvency has occurred in respect of a Share or the Depositary, then, notwithstanding anything to the contrary herein, the Calculation Agent may determine that the affected Share be substituted with Replacement DRs and may make any appropriate adjustments to the terms of these Equity Linked Conditions and/or the applicable Pricing Supplement. In such case, the Issuer shall not redeem the Notes early and, following such replacement, references to Shares herein shall be replaced by references to such Replacement DRs, and the Calculation Agent will determine the effective date of any adjustments.
- (i) If the Calculation Agent determines that a Delisting of Shares has occurred or if the Depositary announces that the Deposit Agreement is (or will be) terminated, then, notwithstanding anything to the contrary herein, the Calculation Agent may determine that the affected Share be substituted with Replacement DRs or the Underlying Shares and may make any appropriate adjustments to the terms of these Equity Linked Conditions and/or the applicable Pricing Supplement. In such case, the Issuer shall not redeem the Notes early and, following such replacement, references to Shares herein shall be replaced by references to such Replacement DRs or the Underlying Shares, as applicable, and the Calculation Agent will determine the effective date of any adjustments.
- (j) The definition of "**Hedging Disruption**" and "**Increased Cost of Hedging**" shall each be amended as follows:
 - (i) the words "any transaction(s) or asset(s) it deems necessary to hedge the Issuer's risk of entering into and performing its obligations with respect to the Notes" shall be deleted and replaced with the words "any Share(s)"; and
 - (ii) the words "any such transaction(s) or asset(s)" shall be deleted and replaced by the words "any Share(s)".
- (k) The definition of "**Change in Law**" shall be amended in accordance with the DR Amendment.

For the avoidance of doubt, where a provision is amended pursuant to this Equity Linked Condition 7 (*Partial Lookthrough Depositary Receipt Provisions*) in accordance with the DR Amendment, if the event described in such provision occurs in respect of the Underlying Share or the Underlying Share Issuer, then the consequence of such event shall be interpreted consistently with the DR Amendment and such event.

8. **Full Lookthrough Depositary Receipt Provisions**

- (a) Where the applicable Pricing Supplement specifies that the "**Full Lookthrough Depositary Receipt Provisions**" shall apply to a Share, then the provisions set out in this Equity Linked Condition 8 (*Full Lookthrough Depositary Receipt Provisions*) shall apply, and, in relation to such Share, the other provisions of this Annex (*Provisions relating to Equity Linked Notes*) shall be deemed to be amended and modified as set out in this Equity Linked Condition 8 (*Full Lookthrough Depositary Receipt Provisions*).
- (b) The definition of "**Potential Adjustment Event**" shall be amended so that it reads as follows:

""**Potential Adjustment Event**" means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Shares and/or Underlying Shares (unless resulting in a Merger Event), or a free distribution or dividend of any such Shares and/or Underlying 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 and/or Underlying Shares specified in the applicable Pricing Supplement of (A) such Shares and/or Underlying Shares, (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of a Share

Issuer or Underlying Share Issuer, as appropriate, equally or proportionately with such payments to holders of such Shares and/or Underlying Shares, (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Issuer or Underlying Share Issuer, as appropriate, 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 (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;

- (iii) an Extraordinary Dividend;
- (iv) a call by a Share Issuer or Underlying Share Issuer, as appropriate, in respect of relevant Shares and/or Underlying Shares that are not fully paid;
- (v) a repurchase by a Share Issuer or Underlying Share Issuer, as appropriate, or any of its subsidiaries of relevant Shares and/or Underlying Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of a Share Issuer or Underlying Share Issuer, as appropriate, 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 Share Issuer or Underlying Share Issuer, as appropriate, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, *provided that* any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights;
- (vii) any other event having, in the opinion of the Calculation Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Shares and/or Underlying Shares; and
- (viii) the making of any amendment or supplement to the terms of the Deposit Agreement,

provided that an event under (i) to (vii) (inclusive) above in respect of Underlying Shares shall not constitute a Potential Adjustment Event unless, in the opinion of the Calculation Agent, such event has a diluting or concentrative effect on the theoretical value of the Shares."

- (c) If the Calculation Agent determines that:
 - (i) an event under (i) to (vii) (inclusive) of the definition of "**Potential Adjustment Event**" has occurred in respect of any Underlying Shares; or
 - (ii) an event under (viii) of the definition of "**Potential Adjustment Event**" has occurred, the Calculation Agent will determine whether such Potential Adjustment Event has an economic effect on the Notes,

and, in each case, the Calculation Agent will make the corresponding adjustment(s), if any, to one or more of any variable relevant to the exercise, settlement, payment or other terms of these Equity Linked Conditions and/or the applicable Pricing Supplement as the Calculation Agent determines appropriate to account for (A) in respect of an event under (i) to (vii) (inclusive) of the definition of "**Potential Adjustment Event**", the diluting or concentrative effect on the theoretical value of the Shares, and (B) in respect of an event under (viii) of the definition of "**Potential Adjustment Event**", such economic effect on the Notes, as the case may be (*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), following the Potential Adjustment Event. The Calculation Agent may (among other factors) have reference to any adjustment made by the Depositary under the Deposit Agreement.

If the Calculation Agent determines that no adjustment that it could make will produce a commercially reasonable result, it shall notify the Issuer and the Noteholders that the relevant consequence shall be the early redemption of the Notes, in which case, on such date as selected by the Calculation Agent in its sole and absolute discretion, the Issuer shall redeem the Notes upon prior notice made to the Noteholders, and the Issuer will cause to be paid to each Noteholder in respect of each Note held by it an amount equal to the Early Redemption Amount of such Notes.

- (d) The definitions of "**Merger Event**" and "**Tender Offer**" shall be amended in accordance with the DR Amendment.
- (e) If the Calculation Agent determines that a Merger Event or Tender Offer has occurred in respect of an Underlying Share, then, where the Calculation Agent makes an adjustment to these Equity Linked Conditions and/or the applicable Pricing Supplement in connection with a Merger Event or Tender Offer, the Calculation Agent may (among other factors) have reference to any adjustment made by the Depository under the Deposit Agreement.
- (f) The definitions of "**Nationalisation**", "**Insolvency**" and "**Delisting**" shall be amended in accordance with the DR Amendment.
- (g) If the Calculation Agent determines that a Nationalisation or Insolvency has occurred in respect of a Share or the Depository, then, notwithstanding anything to the contrary herein, the Calculation Agent may determine that the affected Share be substituted with Replacement DRs and may make any appropriate adjustments to the terms of these Equity Linked Conditions and/or the applicable Pricing Supplement. In such case, the Issuer shall not redeem the Notes early and, following such replacement, references to Shares herein shall be replaced by references to such Replacement DRs, and the Calculation Agent will determine the effective date of any adjustments.
- (h) If the Calculation Agent determines that a Delisting of Shares has occurred or if the Depository announces that the Deposit Agreement is (or will be) terminated, then, notwithstanding anything to the contrary herein, the Calculation Agent may determine that the affected Share be substituted with Replacement DRs or the Underlying Shares and may make any appropriate adjustments to the terms of these Equity Linked Conditions and/or the applicable Pricing Supplement. In such case, the Issuer shall not redeem the Notes early and, following such replacement, references to Shares herein shall be replaced by references to such Replacement DRs or the Underlying Shares, as applicable, and the Calculation Agent will determine the effective date of any adjustments.
- (i) The definition of any Additional Disruption Event specified as applicable in the applicable Pricing Supplement shall be amended in accordance with the DR Amendment.
- (j) The definitions of "**Exchange Business Day**", "**Scheduled Closing Time**", "**Scheduled Trading Day**", "**Trading Disruption**", "**Exchange Disruption**", "**Early Closure**" and "**Disrupted Day**" which relate to the Exchange shall be deemed to include a reference to the primary exchange on which the Underlying Shares are traded, as determined by the Calculation Agent.
- (k) The definitions of "**Market Disruption Event**", "**Trading Disruption**" and "**Exchange Disruption**" shall be amended in accordance with the DR Amendment.

For the avoidance of doubt, where a provision is amended pursuant to this Equity Linked Condition 8 (*Full Lookthrough Depository Receipt Provisions*) in accordance with the DR Amendment, if the event described in such provision occurs in respect of the Underlying Share or the Underlying Share Issuer, then the consequence of such event shall be interpreted consistently with the DR Amendment and such event.

9. **Knock-In Event and Knock-Out Event**

- (a) Where the applicable Pricing Supplement specifies that either "Knock-In Event" or "Knock-Out Event" shall apply, then the provisions set out in this Equity Linked Condition 9 (*Knock-In Event and Knock-Out Event*) shall apply, and:
- (i) if a "Knock-In Event" is specified in the Pricing Supplement, then, unless otherwise specified in such Pricing Supplement, the payment and/or delivery provisions under the Notes which are expressed to be subject to a Knock-In Event shall be conditional upon the occurrence of such Knock-In Event.
 - (ii) if a "Knock-Out Event" is specified in the Pricing Supplement, then, unless otherwise specified in such Pricing Supplement, the payment and/or delivery provisions under the Notes which are 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 applicable Pricing Supplement 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, an Exchange Disruption or an Early Closure occurs or exists, then the Knock-in Event or the Knock-Out Event shall (unless otherwise specified in the applicable Pricing Supplement) 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 or price, as applicable, of each affected Index Share or Share, as applicable, as at the Knock-In Valuation Time or Knock-Out Valuation Time in accordance with Equity Linked Condition 2(a) (*Valuation, Market Disruption and Averaging Dates*).
- (c) If the Knock-In Valuation Time or the Knock-Out Valuation Time specified in the applicable Pricing Supplement 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, at any time during the one hour period that begins or ends at the time at which the Reference Level triggers the Knock-In Level or Knock-Out Level, a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, then the Knock-in Event or the Knock-Out Event shall (unless otherwise specified in the applicable Pricing Supplement) 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 or price, as applicable, of each affected Index Share or Share, as applicable, as at the Knock-In Valuation Time or Knock-Out Valuation Time in accordance with Equity Linked Condition 2(a) (*Valuation, Market Disruption and Averaging Dates*).

10. **Share Substitution**

If "Share Substitution" is specified as applicable in the applicable Pricing Supplement, then on or after the relevant Merger Date, Delisting, Nationalisation, Insolvency, Tender Offer Date or Potential Adjustment Event, as the case may be, the Calculation Agent may adjust the Conditions and/or the applicable Pricing Supplement to include shares (the "**Substitute Shares**") selected by the Calculation Agent (such selection to be made in accordance with the criteria for share selection, if any, set out in the applicable Pricing Supplement, or if no criteria are so specified, selected from the same region(s) or sector(s) (if the Affected Shares were selected on the basis of region or sector) and, if the Affected Shares are quoted on an exchange or quotation system, quoted on an exchange or quotation system in the same region and with similar liquidity as the exchange or quotation system on which the Affected Shares are quoted, all as determined by the

Calculation Agent), in place of the Share(s) (for the purposes of this Equity Linked Condition 10, the "**Affected Share(s)**") which are affected by such Merger Event, Delisting, Nationalisation, Insolvency, Tender Offer or Potential Adjustment Event with effect from such date as the Calculation Agent determines. The Substitute Shares and the relevant issuer of such shares will, from the date so determined by the Calculation Agent, be deemed to be "Shares" and a "Share Issuer", respectively, for the purposes of the Notes. The Calculation Agent may make such adjustment as the Calculation Agent, in its sole and absolute discretion, considers appropriate, if any, to the formula for the Final Redemption Amount and/or the Settlement Price set out in the applicable Pricing Supplement, the number of Shares to which each Note relates, the number of Shares comprised in a Basket, the amount, the number of or type of shares or other securities or assets which may be delivered under such Notes and, in any case, any other variable relevant to the redemption, settlement, or payment terms of the relevant Notes and/or any other adjustment, which change or adjustment shall be effective on such date as the Calculation Agent shall determine.

11. **Autocall Early Redemption**

In respect of any Series of Notes for which the "Autocallable Early Redemption" provisions are specified as applicable in the applicable Pricing Supplement, the Notes shall be redeemed in whole but not in part at the Autocall Early Redemption Amount on the Autocall Early Redemption Date, and the Conditions shall be supplemented and modified by the terms and conditions set out in the applicable Pricing Supplement.

12. **Definitions applicable to Equity Linked Notes**

In these Equity Linked Conditions, unless otherwise specified in the applicable Pricing Supplement:

"**Autocall Early Redemption Amount**" means the amount determined in accordance with the applicable Pricing Supplement;

"**Autocall Early Redemption Date**" means the date determined in accordance with the applicable Pricing Supplement;

"**Basket**" means in relation to any Share Basket Notes, the Shares specified in the applicable Pricing Supplement as comprising the Basket and in relation to Index Basket Notes, the Indices specified in the applicable Pricing Supplement as comprising the Basket and in each case in the relative proportions specified in such Pricing Supplement;

"**Basket of Indices**" means, in relation to a particular Series, a basket comprising the Indices specified in the applicable Pricing Supplement in the relative proportions specified in such Pricing Supplement;

"**Basket of Shares**" means, in relation to a particular Series, a basket comprising Shares of each Share Issuer specified in the applicable Pricing Supplement in the relative proportions, weighting or number of Shares of each Share Issuer specified in such Pricing Supplement;

"**Change in Law**" means that, on or after the Trade Date (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 that (x), in the case of Single Share Notes, Single Index Notes, Share Basket Notes or Index Basket Notes it has become illegal to hold, acquire or dispose of any relevant Shares or of any financial instrument or contract providing exposure to the Shares or Index or Indices (as the case may be), or (y) it will incur a materially increased cost in performing its obligations with respect to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

"**Components**" means in relation to an Index, the securities which comprise such Index (each a "**Component**" for such Index);

"Deposit Agreement" means, in relation to the Shares, the agreements or other instruments constituting the Shares, as from time to time amended or supplemented in accordance with their terms;

"Depository" means, where the applicable Pricing Supplement specifies that either the **"Partial Lookthrough Depository Receipt Provisions"** or the **"Full Lookthrough Depository Receipt Provisions"** shall apply to a Share, the issuer of the Shares or any successor issuer of the Shares from time to time;

"Disrupted Day" means (a) except with respect to a Multi-Exchange Index, any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred, and (b) with respect to any Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session or (iii) a Market Disruption Event has occurred;

"DR Amendment" means, in respect of the definitions of Merger Event, Tender Offer, Nationalisation, Insolvency, Delisting, Change in Law, any other Additional Disruption Event specified as applicable in the applicable Pricing Supplement, Exchange Disruption, Market Disruption Event and Trading Disruption, that the following changes shall be made to such definition or provision where provided for in this Annex:

- (a) all references to **"Shares"** shall be deleted and replaced with the words **"Shares and/or the Underlying Shares"**; and
- (b) all references to **"Share Issuer"** shall be deleted and replaced with the words **"Share Issuer"** or **"Underlying Share Issuer"**, as appropriate;

"Early Closure" means (a) except with respect to a Multi-Exchange Index, the closure on any Exchange Business Day of the relevant Exchange (or in the case of a Single Index Note or Index Basket Note, any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or 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 and (b) with respect to any Multi-Exchange Index, the closure on any Exchange Business Day of the Exchange in respect of any Component 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 such Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day;

"Exchange" means:

- (a) in respect of an Index relating to Single Index Notes or Index Basket Notes other than a Multi-Exchange Index, each exchange or quotation system specified as such for such Index in the applicable Pricing Supplement or, if none is specified, the principal exchange or quotation system for trading in such Index, as determined by the Calculation Agent, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the shares underlying such Index has temporarily relocated, *provided that* the Calculation Agent has determined that there is comparable liquidity relative to the shares underlying such Index on such temporary substitute exchange or quotation system as on the original Exchange, and (ii) with respect to any Multi-Exchange Index, and in respect of each Component, the principal stock exchange on which such Component is principally traded, as determined by the Calculation Agent; and

- (b) in respect of a Share relating to Single Share Notes or Share Basket Notes, each exchange or quotation system specified as such for such Share in the applicable Pricing Supplement or, if none is specified, the principal exchange or quotation system for trading in such Share, as determined by the Calculation Agent, 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 (a) except with respect to a Multi-Exchange Index, any Scheduled Trading Day on which each Exchange and Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time and (b) with respect to any Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding any Exchange or the Related Exchange closing prior to its Scheduled Closing Time;

"Exchange Disruption" means (a) except with respect to a Multi-Exchange 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 (i) to effect transactions in, or obtain market values for, the Shares on the Exchange (or in the case of Single Index Notes or Index Basket Notes, on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index), or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Shares, the relevant Index (as the case may be) on any relevant Related Exchange and (b) with respect to any Multi-Exchange 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, (i) any Component on the Exchange in respect of such Component, or (ii) futures or options contracts relating to the Index on the Related Exchange;

"Extraordinary Dividend" means the dividend per Share or portion thereof, to be characterised as an Extraordinary Dividend as determined by the Calculation Agent;

"Extraordinary Event" means a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting;

"Hedging Disruption" means that a Hedging Party 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 Issuer's risk of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transactions or asset(s);

"Hedging Party" means the Issuer or any of its affiliates of the Issuer engaged in any underlying or hedging transactions relating to the Notes or in respect of the Issuer's obligations under the Notes;

"Increased Cost of Hedging" means that a Hedging Party 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 Issuer's risk of entering into 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 shall not be deemed an Increased Cost of Hedging;

"Increased Cost of Stock Borrow" means that the Hedging Party would incur a rate to borrow the Shares or of any financial instrument or contract providing exposure to the Shares or Index or Indices with respect to the Notes that is greater than the Initial Stock Loan Rate;

"Index" means any index specified as such in the applicable Pricing Supplement, subject to Equity Linked Condition 3 (*Adjustments to Indices*);

"Index Sponsor" means, in respect of an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Scheduled Trading Day;

"Initial Stock Loan Rate" means the stock loan rate specified as such in the applicable Pricing Supplement;

"Knock-In Determination Day" means the date(s) specified as such in the applicable Pricing Supplement or, if not so specified, 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 Reference Level determined by the Calculation Agent as of the Knock-In Valuation Time on any Knock-In Determination Day is:

- (a) "greater than", "greater than or equal to", "less than", or "less than or equal to" the Knock-In Level; or
- (b) "within" the Knock-In Range,

in each case as specified in the applicable Pricing Supplement;

"Knock-In Level" means the level, price or amount specified as such or otherwise determined in the applicable Pricing Supplement, subject to adjustment from time to time in accordance with the provisions of these Equity Linked Conditions;

"Knock-In Period Beginning Date" means the date specified as such in the applicable Pricing Supplement or, if 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 applicable Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day;

"Knock-In Range" means the range of levels, prices, amounts, numbers or percentages specified as such or otherwise determined in the applicable Pricing Supplement, 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 applicable Pricing Supplement (or, if not specified in the applicable Pricing Supplement, the Valuation Time) and for the purposes of Equity Linked Condition 2(a) (*Valuation, Market Disruption and Averaging Dates*) each such time shall be treated as a Valuation Time;

"Knock-Out Determination Day" means the date(s) specified as such in the applicable Pricing Supplement or, if not so specified, 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 Reference Level determined by the Calculation Agent as of the Knock-Out Valuation Time on any Knock-Out Determination Day is:

- (a) "greater than", "greater than or equal to", "less than", or "less than or equal to" the Knock-Out Level; or

(b) "within" the Knock-Out Range,

in each case as specified in the applicable Pricing Supplement;

"Knock-Out Level" means the level, price or amount specified as such or otherwise determined in the applicable Pricing Supplement, subject to adjustment from time to time in accordance with the provisions of these Equity Linked Conditions;

"Knock-Out Period Beginning Date" means the date specified as such in the applicable Pricing Supplement or, if 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 applicable Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day;

"Knock-Out Range" means the range of levels, prices, amounts, numbers or percentages specified as such or otherwise determined in the applicable Pricing Supplement, subject to adjustment from time to time in accordance with the provisions of these Equity Linked Conditions;

"Knock-Out Valuation Time" means the time or period of time on any Knock-Out Determination Day specified as such in the applicable Pricing Supplement (or, if not specified in the applicable Pricing Supplement, the Valuation Time) and for the purposes of Equity Linked Condition 2(a) (*Valuation, Market Disruption and Averaging Dates*) each such time shall be treated as a Valuation Time;

"Loss of Stock Borrow" means that a Hedging Party is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) the Shares or of any financial instrument or contract providing exposure to the Shares or Index or Indices with respect to the Notes in an amount which the Issuer deems necessary to hedge the risk of entering into and performing its obligations with respect to the Notes (not to exceed the number of the Shares or financial instruments or contracts underlying the Notes) at a rate equal to or less than the Maximum Stock Loan Rate;

"Market Disruption Event" means (a) in respect of a Share, an Index other than a Multi-Exchange Index or 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 ends at the relevant Valuation Time, or (iii) an Early Closure. For the purpose of determining whether a Market Disruption Event exists in respect of an Index at any time, if a Market Disruption Event occurs in respect of a security included in the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the Market Disruption Event occurred; and (b) with respect to any Multi-Exchange Index either (i)(A) the occurrence or existence, in respect of any Component, 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 ends at the relevant Valuation Time in respect of the Exchange on which such Component is principally traded, OR (3) an Early Closure; AND (B) the aggregate of all Components in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; OR (ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (A) a Trading Disruption, (B) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Related Exchange; or (C) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of a Component at any time, if a Market Disruption Event occurs in respect of such Component at that time, then the relevant percentage contribution of that Component to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that

Component to (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data";

"Maximum Stock Loan Rate" means the stock loan rate specified as such in the applicable Pricing Supplement;

"Multi-Exchange Index" means any Index specified as such in the applicable Pricing Supplement;

"Observation Date" has the meaning given in the applicable Pricing Supplement;

"Observation Period" has the meaning given in the applicable Pricing Supplement;

"Potential Adjustment Event" means, in respect of Single Share Notes or Share Basket Notes:

- (a) a subdivision, consolidation or reclassification of a Share (unless resulting in a Merger Event), or a free distribution or dividend of Shares or to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of 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 Share Issuer equally or proportionately with such payments to holders of such a Share, or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Issuer 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 (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (c) an Extraordinary Dividend;
- (d) a call by the Share Issuer in respect of relevant Shares that are not fully paid;
- (e) a repurchase by a Share Issuer (as the case may be) or any of its subsidiaries of Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (f) in respect of a Share Issuer, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Share Issuer pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides, upon the occurrence of certain events, for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, *provided that* any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (g) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares;

"Reference Level" means the level, price or amount specified as such or otherwise determined in the applicable Pricing Supplement, subject to adjustment from time to time in accordance with the provisions of these Equity Linked Conditions;

"Related Exchange", in respect of an Index relating to Single Index Notes or Index Basket Notes, a Share relating to Single Share Notes or Share Basket Notes, means the exchange specified as the Relevant Exchange in the applicable Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures and options contracts relating to such Index, 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 Index, Share on such temporary substitute exchange or quotation system as on the original Related Exchange) or, if none is specified, 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, Share, as the case may be;

"Relevant Price" on any day means:

- (a) in respect of an Index to which a Single Index Note or an Index Basket Note relates, the level of such Index determined by the Calculation Agent as provided in the applicable Pricing Supplement as of the Valuation Time on the relevant day or, if no method for determining the Relevant Price is so provided, the level of the Index as of the Valuation Time on the relevant day; and
- (b) in respect of a Share to which a Single Share Note or a Share Basket Note relates, the price per Share determined by the Calculation Agent in the manner provided in the applicable Pricing Supplement as of the Valuation Time on the relevant day, or, if no means for determining the Relevant Price are so provided: (i) in respect of any Share for which the Exchange is an auction or "open outcry" exchange that has a price as of the Valuation Time at which any trade can be submitted for execution, the Relevant Price shall be the price per Share as of the Valuation Time on the relevant day, as reported in the official real time price dissemination mechanism for such Exchange; and (ii) in respect of any Share for which the Exchange is a dealer exchange or dealer quotation system, the Relevant Price shall be the mid point of the highest bid and lowest ask prices quoted as of the Valuation Time on the relevant day (or the last such prices quoted immediately before the Valuation Time) without regard to quotations that "lock" or "cross" the dealer exchange or dealer quotation system;

"Replacement DRs" means depositary receipts other than the Shares over the same Underlying Shares;

"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 regular trading session hours;

"Scheduled Trading Day" means (a) except with respect to a Multi-Exchange Index, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading session, and (b) with respect to any Multi-Exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session;

"Settlement Cycle" means, in respect of a Share or Index, the period of Clearance System Business Days following a trade in such Share or the securities underlying such Index as the case may be, on the Exchange in which settlement will customarily occur according to the rules of such exchange (or, in respect of any Multi-Exchange Index, the longest such period) and for this purpose **"Clearance System Business Day"** means, in relation to a clearing system any day on which such clearing system is (or but for the occurrence of a Settlement Disruption Event would have been) open for acceptance and executions of settlement instructions;

"Settlement Price" means the price, level or amount determined by the Calculation Agent as provided in the applicable Pricing Supplement as of the Valuation Time on the Valuation Date or, if no means for determining the Settlement Price are so provided:

- (a) in respect of a Single Share Note, (i) in respect of any Share for which the Exchange is an auction or "open outcry" exchange that has a price as of the Valuation Time at which any trade can be submitted for execution, the Settlement Price shall be the price per Share as of the Valuation Time on the Valuation Date as reported in the official real-time price dissemination mechanism for such Exchange; and (ii) in respect of any Share for which the Exchange is a dealer exchange or dealer quotation system, the Settlement Price shall be the mid-point of the highest bid and lowest ask prices quoted as of the Valuation Time on the Valuation Date (or the last such prices quoted immediately before the Valuation Time) without regard to quotations that "lock" or "cross" the dealer exchange or dealer quotation system;

- (b) in respect of a Share Basket Note, an amount for the Basket equal to the sum of the values of each Share comprised in the Basket (weighted or adjusted in relation to each Share as provided in the applicable Pricing Supplement);
- (c) in respect of a Single Index Note, the level of the Index as of the Valuation Time on the Valuation Date; or
- (d) in respect of an Index Basket Note, an amount for the Basket equal to the sum of the Relevant Prices (weighted or adjusted in relation to each Index as provided in the applicable Pricing Supplement) for the Indices comprised in the Basket,

or in each case, if applicable, in accordance with Equity Linked Condition 2(c) (*Valuation, Market Disruption and Averaging Dates*);

"Share" means, in relation to a particular Series of Notes, a share specified as such in the applicable Pricing Supplement, or, in the case of a Share Basket Note, a share forming part of a basket of shares to which such Note relates;

"Share Issuer" means the entity that is the issuer of the Share specified in the applicable Pricing Supplement;

"Trade Date" means the date specified as such in the applicable Pricing Supplement;

"Trading Disruption" means (a) except with respect to a Multi-Exchange Index, any suspension of or limitation imposed on trading by the Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange, Related Exchange or otherwise (i) relating to the Share on the Exchange, or, in the case of a Single Index Note or Index Basket Note, on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index or (ii) in futures or options contracts relating to the Share, the relevant Index or Indices on any relevant Related Exchange, and (b) with respect to any Multi-Exchange Index, any suspension of or limitation imposed on trading by the Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange or otherwise (i) relating to any Component on the Exchange in respect of such Component; or (ii) in futures or options contracts relating to the Index on the Related Exchange;

"Underlying Share" means, the share or other security which is the subject of the Deposit Agreement;

"Underlying Share Issuer" means the entity that is the issuer of the Underlying Share specified in the applicable Pricing Supplement; and

"Valuation Time" means the time specified as such in the applicable Pricing Supplement, or if no such time is specified, (a) save with respect to a Multi-Exchange Index, the Scheduled Closing Time on the relevant Exchange in relation to each Index, Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; and (b) with respect to any Multi-Exchange Index, (i) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component, the Scheduled Closing Time on the Exchange in respect of such Component and (y) in respect of any option contracts or futures contracts on the Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor.

ANNEX 3

FX LINKED CONDITIONS

The terms and conditions applicable to FX Linked Notes shall comprise the Conditions of the Notes (the "**General Conditions**") and the additional terms and conditions set out below (the "**FX Linked Conditions**"), in each case subject to completion in the applicable Pricing Supplement. In the event of any inconsistency between the General Conditions and the FX Linked Conditions, the FX Linked Conditions shall prevail.

1. **General**

The Pricing Supplement for a particular issue of FX Linked Notes shall specify the type of FX Linked Notes, being "FX Linked Interest Notes" and/or "FX Linked Redemption Notes" or such other type as may be specified in the Pricing Supplement.

2. **Valuation Date**

"**Valuation Date**" means, in respect of any Series of FX Linked Notes, the date(s) specified as such or otherwise determined as provided in the applicable Pricing Supplement *provided that* where the Valuation Date is not a Currency Business Day then the Valuation Date shall be the first preceding day that is a Currency Business Day, unless otherwise specified in the applicable Pricing Supplement. Unless otherwise specified in the applicable Pricing Supplement and subject to FX Linked Condition 3 (*Averaging*), the Valuation Date will be the date falling 5 (five) Currency Business Days prior to the Maturity Date.

3. **Averaging**

If Averaging Dates are specified in the applicable Pricing Supplement, then notwithstanding any other provisions of these FX Linked Conditions, the following provisions will apply to the determination of the Settlement Rate in relation to a Valuation Date:

- (a) "**Averaging Date**" means, in respect of a Valuation Date, each date specified as such or otherwise determined as provided in the applicable Pricing Supplement, *provided that* if any such date is not a Currency Business Day, such date shall be the first preceding day that is a Currency Business Day, unless otherwise specified in the applicable Pricing Supplement.
- (b) For purposes of determining the Settlement Rate in relation to a Valuation Date, the Settlement Rate will be the arithmetic mean of the Spot Rates on each Averaging Date (or, if different, the day on which rates for each Averaging Date would, in the ordinary course, be published or announced by the relevant price source).
- (c) Unless otherwise specified in the applicable Pricing Supplement, where the Calculation Agent determined that it is not possible to obtain the Spot Rate on an Averaging Date (or, if different, the day on which rates for that Averaging Date would, in the ordinary course, be published or announced by the relevant price source), such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Settlement Rate. If through the operation of this FX Linked Condition 3(c), there would not be an Averaging Date with respect to the relevant Valuation Date, the provisions of FX Linked Condition 5 (*FX Disruption Fallbacks*) shall apply for purposes of determining the relevant Spot Rate on the final Averaging Date with respect to that Valuation Date as if such Averaging Date were a Valuation Date on which a Price Source Disruption had occurred.

4. **FX Disruption Events**

- (a) If so specified in the Pricing Supplement relating to any Series of Notes, the following shall constitute "**FX Disruption Events**" for the purposes of such Series:
 - (i) Dual Exchange Rate;

- (ii) General Inconvertibility;
 - (iii) General Non-Transferability;
 - (iv) Illiquidity;
 - (v) Material Change in Circumstance;
 - (vi) Nationalisation;
 - (vii) Price Materiality;
 - (viii) Price Source Disruption; and/or
 - (ix) any other event that, in the opinion of the Calculation Agent, is analogous to any of (i) to (viii) above (inclusive).
- (b) If the applicable Pricing Supplement specifies that any FX Disruption Event shall be applicable to such Series, then, where the Calculation Agent determines that such FX Disruption Event occurs or has occurred and is continuing in respect of such Series:
- (i) in the case of Price Source Disruption, on the day that is the Valuation Date in respect of such Series (or, if different, the day on which rates for that Valuation Date would, in the ordinary course, be published or announced by the relevant price source); and
 - (ii) in the case of any other FX Disruption Event, on such day as may be specified for this purpose in the applicable Pricing Supplement,

then the Settlement Rate for such Series will be determined in accordance with the terms of the FX Disruption Fallback first applicable pursuant to FX Linked Condition 5 (*FX Disruption Fallbacks*).

5. **FX Disruption Fallbacks**

- (a) If so specified in the Pricing Supplement relating to any Series of Notes, the following shall constitute "**FX Disruption Fallbacks**" for the purposes of such Series, and the applicable Pricing Supplement shall specify which FX Disruption Fallback(s) shall apply to such Series, to which FX Disruption Event each such FX Disruption Fallback shall apply and, where more than one FX Disruption Fallback may apply to a FX Disruption Event, the order in which such FX Disruption Fallback(s) shall apply to such FX Disruption Event.
- (i) "**Calculation Agent Determination of Settlement Rate**" means that the Calculation Agent will determine, in its sole and absolute discretion, the Settlement Rate (or a method for determining the Settlement Rate), taking into consideration all available information that it deems relevant;
 - (ii) "**Fallback Reference Price**" means that the Calculation Agent will determine, in its sole and absolute discretion, the Settlement Rate for such Series on the relevant Valuation Date (or, if different, the day on which rates for that Valuation Date would, in the ordinary course, be published or announced) pursuant to Currency Reference Dealers, or pursuant to such other methodology or price sources as may be specified as the Fallback Reference Price in the applicable Pricing Supplement; and
 - (iii) any other provisions specified as FX Disruption Fallbacks in the applicable Pricing Supplement.
- (b) Where more than one FX Disruption Event occurs or exists or is deemed to occur or exist, then, unless the applicable Pricing Supplement has specified which FX Disruption

Fallback shall apply in such circumstances, the Calculation Agent shall determine, in its sole and absolute discretion, which FX Disruption Fallback shall apply.

6. **Additional Disruption Events**

- (a) Following the occurrence of an Additional Disruption Event, the Issuer will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue or be redeemed early.
- (b) If the Issuer determines that the relevant Notes shall continue, the Calculation Agent may make such adjustment as the Calculation Agent, in its sole and absolute discretion, considers appropriate, if any, to any variable relevant to the redemption, settlement, or payment terms of the relevant Notes and/or any other adjustment which change or adjustment shall be effective on such date as the Calculation Agent shall determine.
- (c) If the Issuer determines that the relevant Notes shall be redeemed early, then the Issuer shall give not less than five Business Days' notice to redeem the Notes and the Issuer's obligations under the Notes shall be satisfied in full upon payment in respect of each Note of an amount equal to the fair market value of such Note, on such day as is selected by the Calculation Agent in its sole and absolute discretion (*provided that* such day is not more than 15 days before the date fixed for redemption of the Note), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion.
- (d) The Issuer shall as soon as reasonably practicable under the circumstances notify the Fiscal Agent and the Calculation Agent of the occurrence of an Additional Disruption Event.
- (e) For the purposes hereof:

"**Additional Disruption Event**" means, if specified as applicable in the applicable Pricing Supplement, with respect to any Series of Notes, a Change in Law, Hedging Disruption, Increased Cost of Hedging, and any further event or events as may be specified in the applicable Pricing Supplement.

7. **Knock-In Event and Knock-Out Event**

- (a) Where the applicable Pricing Supplement specifies that either "Knock-In Event" or "Knock-Out Event" shall apply, then the provisions set out in this FX Linked Condition 7 (*Knock-In Event and Knock-Out Event*) shall apply, and:
 - (i) if a "Knock-In Event" is specified in the Pricing Supplement, then, unless otherwise specified in such Pricing Supplement, the payment and/or delivery provisions under the Notes which are expressed to be subject to a Knock-In Event shall be conditional upon the occurrence of such Knock-In Event.
 - (ii) if a "Knock-Out Event" is specified in the Pricing Supplement, then, unless otherwise specified in such Pricing Supplement, the payment and/or delivery provisions under the Notes which are 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 applicable Pricing Supplement 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 Price Source Disruption, an Illiquidity or a Dual Exchange Rate occurs or exists, then the Knock-in Event or the Knock-Out Event shall (unless otherwise specified in the applicable Pricing Supplement) 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 each affected rate, as at the Knock-In Valuation Time or Knock-Out Valuation Time in accordance with FX Linked Conditions 2 (*Valuation Date*) and 3 (*Averaging*).

- (c) If the Knock-In Valuation Time or the Knock-Out Valuation Time specified in the applicable Pricing Supplement is any time or period of time other than the Valuation Time during the regular trading hours for the Settlement Currency, Reference Currency and/or Reference Currencies, as applicable, 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 time at which the Reference Level triggers the Knock-In Level or Knock-Out Level, a Price Source Disruption, an Illiquidity or a Dual Exchange Rate occurs or exists, then the Knock-in Event or the Knock-Out Event shall (unless otherwise specified in the applicable Pricing Supplement) 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 each affected rate as at the Knock-In Valuation Time or Knock-Out Valuation Time in accordance with FX Linked Conditions 2 (*Valuation Date*) and 3 (*Averaging*).

8. **Unscheduled Holiday**

If the Calculation Agent determines that a date that would otherwise have been a Valuation Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day is an Unscheduled Holiday in respect of a Reference Currency, then such date shall be the immediately succeeding Currency Business Day after the occurrence of the Unscheduled Holiday, *provided that* if such Valuation Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day, as the case may be, has not occurred on or before the Maximum Days of Disruption then the next Currency Business Day that is not an Unscheduled Holiday shall be deemed to be the relevant date for valuation and the Settlement Rate shall be determined by the Calculation Agent on such day in its sole discretion taking into account relevant market practice and by reference to such additional source(s) as it deems appropriate.

9. **Autocall Early Redemption**

In respect of any Series of Notes for which the "Autocallable Early Redemption" provisions are specified as applicable in the applicable Pricing Supplement, the Notes shall be redeemed in whole but not in part at the Autocall Early Redemption Amount on the Autocall Early Redemption Date, and the Conditions shall be supplemented and modified by the terms and conditions set out in the applicable Pricing Supplement.

10. **Definitions applicable to FX Linked Notes**

In these FX Linked Conditions, unless otherwise specified in the applicable Pricing Supplement:

"**Autocall Early Redemption Amount**" means the amount determined in accordance with the applicable Pricing Supplement;

"**Autocall Early Redemption Date**" means the date determined in accordance with the applicable Pricing Supplement;

"**Change in Law**" means that, on or after the Trade Date (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 that (x) it has become illegal to hold, acquire or dispose of Hedge Positions or (y) it will incur a materially increased cost in performing its obligations with respect to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

"Currency Business Day" means, unless otherwise specified in the applicable Pricing Supplement, for the purposes of:

- (a) the definition of Valuation Date in FX Linked Condition 2 (*Valuation Date*), in respect of any Series of FX Linked Notes: (i) a day on which commercial banks are (or but for the occurrence of a FX 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(s) of the Reference Currency or (ii) where the currency to be valued is euro, a day that is a TARGET Settlement Day and a Business Day; and
- (b) for any other purpose, in respect of any Series of FX Linked Notes: (i) a day on which commercial banks are open for general business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the Principal Financial Centre(s) of the Reference Currency and (ii) where one of the Currency Pair is euro, a day that is a TARGET Settlement Day;

"Currency Pair" means the Reference Currency and the Settlement Currency;

"Currency Reference Dealers" means that the Settlement Rate or the Spot Rate for a Rate Calculation Date will be determined on the basis of quotations provided by Reference Dealers on that Rate Calculation Date of that day's Specified Rate, expressed as the amount of Reference Currency per one unit of Settlement Currency for settlement on the Maturity Date (or other relevant date for payment under the Notes). The Calculation Agent will request each of the Reference Dealers to provide a firm quotation of its Specified Rate for a transaction where the amount of Reference Currency equals the Specified Amount. If four quotations are provided, the rate for a Rate Calculation Date will be the arithmetic mean of the Specified Rates, without regard to the Specified Rates having the highest and lowest value. If exactly three quotations are provided, the rate for a Rate Calculation Date will be the Specified Rate provided by the Reference Dealer that remains after disregarding the Specified Rates having the highest and lowest values. For this purpose, if more than one quotation has the same highest value or lowest value, then the Specified Rate of one of such quotations shall be disregarded. If exactly two quotations are provided, the rate for a Rate Calculation Date will be the arithmetic mean of the Specified Rates. If only one quotation is provided, the rate for a Rate Calculation Date will be the Specified Rate quoted by that Reference Dealer. The quotations used to determine the Spot Rate for a Rate Calculation Date will be determined in each case at the Specified Time on that Rate Calculation Date, or, if no such time is specified, the time chosen by the Calculation Agent;

"Dual Exchange Rate" means, with respect to any Settlement Rate Option applicable to a Series of Securities, the occurrence of an event that splits any currency exchange rate specified in such Settlement Rate Option into dual or multiple currency exchange rates;

"Event Currency" means, unless otherwise specified in the applicable Pricing Supplement, the Reference Currency;

"Event Currency Jurisdiction" means each country for which the relevant Event Currency is the lawful currency;

"General Inconvertibility" means the occurrence of any event that generally makes it impossible to convert the Event Currency into the Non-Event Currency in the Event Currency Jurisdiction through customary legal channels;

"General Non-Transferability" means the occurrence of any event that generally makes impossible to deliver (A) the Non-Event Currency from accounts inside the Event Currency Jurisdiction to accounts outside the Event Currency Jurisdiction or (B) the Event Currency between accounts inside the Event Currency Jurisdiction or to a party that is a non resident of the Event Currency Jurisdiction;

"Governmental Authority" means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any

other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the Event Currency Jurisdiction;

"Hedge Positions" means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in foreign exchange or (ii) other instruments or arrangements (howsoever described) by a Hedging Party in order to hedge, individually or on a portfolio basis, the Notes;

"Hedging Disruption" means that a Hedging Party 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 Issuer's risk of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transactions or asset(s);

"Hedging Party" means the Issuer or any of its affiliates engaged in any underlying or hedging transactions relating to the Notes or in respect of the Issuer's obligations under the Notes;

"Illiquidity" means it becomes impossible to obtain a firm quote of any currency exchange rate contemplated in these FX Linked Conditions as applicable to the Notes for the Minimum Amount (either in one transaction or a commercially reasonable number of transactions that, when taken together, total the Minimum Amount) on any relevant Rate Calculation Date (or, if different, the day on which rates for that Rate Calculation Date would, in the ordinary course, be published or announced by the relevant price source);

"Increased Cost of Hedging" means that a Hedging Party 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 Issuer's risk of entering into 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 shall not be deemed an Increased Cost of Hedging;

"Knock-In Determination Day" means the date(s) specified as such in the applicable Pricing Supplement or, if not so specified, each Currency 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 Reference Level determined by the Calculation Agent as of the Knock-In Valuation Time on any Knock-In Determination Day is:

- (a) "greater than", "greater than or equal to", "less than", or "less than or equal to" the Knock-In Level; or
- (b) "within" the Knock-In Range,

in each case as specified in the applicable Pricing Supplement;

"Knock-In Level" means the level, price or amount specified as such or otherwise determined in the applicable Pricing Supplement, subject to adjustment from time to time in accordance with the provisions of these FX Linked Conditions;

"Knock-In Period Beginning Date" means the date specified as such in the applicable Pricing Supplement or, if such date is not a Currency Business Day, the next following Currency Business Day;

"Knock-In Period Ending Date" means the date specified as such in the applicable Pricing Supplement or, if such date is not a Currency Business Day, the next following Currency Business Day;

"Knock-In Range" means the range of levels, prices, amounts, numbers or percentages specified as such or otherwise determined in the applicable Pricing Supplement, subject to adjustment from time to time in accordance with the provisions of these FX Linked Conditions;

"Knock-In Valuation Time" means the time or period of time on any Knock-In Determination Day specified as such in the applicable Pricing Supplement (or, if not specified in the applicable Pricing Supplement, the Valuation Time) and for the purposes of FX Linked Conditions 2 (*Valuation Date*) and 3 (*Averaging*) each such time shall be treated as a Valuation Time;

"Knock-Out Determination Day" means the date(s) specified as such in the applicable Pricing Supplement or, if not so specified, each Currency 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 Reference Level determined by the Calculation Agent as of the Knock-Out Valuation Time on any Knock-Out Determination Day is:

- (a) "greater than", "greater than or equal to", "less than", or "less than or equal to" the Knock-Out Level; or
- (b) "within" the Knock-Out Range,

in each case as specified in the applicable Pricing Supplement;

"Knock-Out Level" means the level, price or amount specified as such or otherwise determined in the applicable Pricing Supplement, subject to adjustment from time to time in accordance with the provisions of these FX Linked Conditions;

"Knock-Out Period Beginning Date" means the date specified as such in the applicable Pricing Supplement or, if such date is not a Currency Business Day, the next following Currency Business Day;

"Knock-Out Period Ending Date" means the date specified as such in the applicable Pricing Supplement or, if such date is not a Currency Business Day, the next following Currency Business Day;

"Knock-Out Range" means the range of levels, prices, amounts, numbers or percentages specified as such or otherwise determined in the applicable Pricing Supplement, subject to adjustment from time to time in accordance with the provisions of these FX Linked Conditions;

"Knock-Out Valuation Time" means the time or period of time on any Knock-Out Determination Day specified as such in the applicable Pricing Supplement (or, if not specified in the applicable Pricing Supplement, the Valuation Time) and for the purposes of FX Linked Conditions 2 (*Valuation Date*) and 3 (*Averaging*) each such time shall be treated as a Valuation Time;

"Material Change in Circumstance" means the occurrence of any event (other than those events otherwise specified as FX Disruption Events) in the Event Currency Jurisdiction beyond the control of the Issuer or any parties to a hedging arrangement in respect of the Notes which make it impossible (A) for the Issuer or any such other 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;

"Maximum Days of Disruption" means the number of days specified as such in the applicable Pricing Supplement;

"Minimum Amount" means the aggregate nominal amount of the Notes at the relevant time;

"Nationalisation" means any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer or any party to a hedging

arrangement in respect of the Notes of all or substantially all of its assets in the Event Currency Jurisdiction;

"**Non-Event Currency**" means the currency of the Currency Pair that is not the Event Currency;

"**Price Materiality**" means that, in the determination of the Calculation Agent, the Primary Rate differs from any Secondary Rate by at least the Price Materiality Percentage;

"**Price Materiality Percentage**" means the percentage specified as such in the applicable Pricing Supplement;

"**Primary Rate**" means the rate specified as such in the applicable Pricing Supplement;

"**Price Source Disruption**" means it becomes impossible to obtain any currency exchange rate contemplated in these FX Linked Conditions as applicable to the Notes on any Rate Calculation Date (or, if different, the day on which rates for that Rate Calculation Date would, in the ordinary course, be published or announced by the relevant price source);

"**Rate Calculation Date**" means any Valuation Date or Averaging Date (as defined in FX Linked Conditions 2 (*Valuation Date*) and 3 (*Averaging*), respectively);

"**Reference Currency**" means each currency specified as such in the applicable Pricing Supplement and "**Reference Currencies**" means all of them;

"**Reference Currency Jurisdiction**" means each country for which the relevant Reference Currency is the lawful currency;

"**Reference Dealers**" means the reference dealers specified as such in the applicable Pricing Supplement;

"**Reference Level**" means the level, price or amount specified as such in or otherwise determined in accordance with the applicable Pricing Supplement, subject to adjustment from time to time in accordance with the provisions of these FX Linked Conditions;

"**Secondary Rate**" means the rate specified as such in the applicable Pricing Supplement;

"**Settlement Currency**" means the currency specified as such in the applicable Pricing Supplement;

"**Settlement Rate**" means the currency exchange rate determined by the Calculation Agent (A) as being equal to (i) the Settlement Rate specified or otherwise determined as provided in the applicable Pricing Supplement or (ii) if a Settlement Rate or a means of determining a Settlement Rate is not so specified, the Spot Rate, or (B) if applicable, in accordance with FX Linked Condition 3 (*Averaging*);

"**Settlement Rate Option**" means, with respect to a Settlement Rate, the settlement rate option specified as such in the Pricing Supplement;

"**Specified Amount**" means the amount of Reference Currency specified as such in the applicable Pricing Supplement;

"**Specified Rate**" means any of the following rates, as specified in the applicable Pricing Supplement: (i) the Reference Currency bid exchange rate, (ii) the Reference Currency offer exchange rate, (iii) the average of the Reference Currency bid and offer exchange rates, (iv) the Settlement Currency bid exchange rate, (v) the Settlement Currency offer exchange rate, (vi) the average of the Settlement Currency bid and offer exchange rates, (vii) the official fixing rate or (viii) any other exchange rate specified in the applicable Pricing Supplement. If no such rate is specified, the Specified Rate will be deemed to be the average of the Reference Currency bid and offer rate;

"Specified Time" means, in respect of any series of Notes and the determination of the Spot Rate, the time specified as such in the applicable Pricing Supplement or if no such time is specified the time chosen by the Calculation Agent;

"Spot Rate" means, for any Valuation Date, the relevant currency exchange rate, expressed as the amount of Reference Currency per one unit of Settlement Currency, determined by the Calculation Agent in accordance with the specified (or deemed specified) Settlement Rate Option, or if a Settlement Rate Option is not specified (or deemed specified), the currency exchange rate at the time at which such rate is to be determined for foreign exchange transactions in the Currency Pair for value on the Valuation Date (or other relevant date for payment under the Notes);

"Unscheduled Holiday" means that a day is not a Currency Business Day and that 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(s) of the Reference Currency two Currency Business Days prior to such day; and

"Valuation Time" means, unless otherwise specified in the applicable Pricing Supplement, the time at which a relevant price source publishes the currency exchange rate from which the Settlement Rate is calculated.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**") or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

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

Relationship of Accountholders with Clearing Systems

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

So long as the Notes are represented by a temporary Global Note, permanent Global Note or Global Certificate and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) and integral multiples in excess thereof specified in the Pricing Supplement.

If a Global Note or a Global Certificate, as the case may be, may be exchanged for Definitive Notes in circumstances other than upon the occurrence of an Exchange Event (as defined in the relevant Global Note or Global Certificate, and as described further below under "*Exchange*"), only one Specified Denomination can be specified (or all Specified Denominations must be an integral multiple of the lowest Specified Denomination). When the "U.S.\$200,000 plus integral multiples of U.S.\$1,000" construct is used unless exchange of the Global Note or a Global Certificate, as the case may be, for Definitive Notes is limited to the occurrence of an Exchange Event.

Exchange

Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the Pricing Supplement, indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "*Overview of the Programme - Selling Restrictions*"), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the Pricing Supplement, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or

Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "*Partial Exchange of Permanent Global Notes*", in part for Definitive Notes or, in the case of paragraph (iii) below, Registered Notes:

- (i) by the Issuer giving notice to the Noteholders and the Fiscal Agent of its intention to effect such exchange, unless principal in respect of any Notes is not paid when due;
- (ii) if the Pricing Supplement, provides that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Fiscal Agent of its election for such exchange;
- (iii) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and
- (iv) otherwise, (1) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**") and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. Noteholders who hold Notes in the relevant clearing system in amounts that are not integral multiples of a Specified Denomination may need to purchase or sell, on or before the relevant Exchange Date, a principal amount of Notes such that their holding is an integral multiple of a Specified Denomination.

The exchange of a Permanent Global Note for definitive Notes upon notice from Euroclear and/or Clearstream (acting on the instructions of any holder) or at any time at the request of the Issuer should not be expressed to be applicable in the Pricing Supplement, if the Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes.

Permanent Global Certificates

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

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) or (ii) or (iii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes if principal in respect of any Notes is not paid when due.

Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. In this Offering Memorandum, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that has not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

Exchange Date

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The temporary Global Notes, the permanent Global Notes and the Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions set out in this Offering Memorandum. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 6(f)(v) will apply to the Definitive Notes only.

Whilst the Notes are represented by a Global Note or a Global Certificate, "**Business Day**" in Condition 6(h) means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

- (ii) in the case of euro, a day on which the TARGET2 system is operating; and/or
- (iii) in the case of a currency and/or one or more Business Centres specified in the Pricing Supplement, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

Each payment in respect of a Global Certificate will be made to the person shown as the holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificate is being held is open for business.

Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 4(h)).

Meetings

For the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each Note comprising such Noteholder's holding, whether or not represented by a Global Certificate.

Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

Purchase

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

Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).

Noteholders' Option

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation.

Events of Default

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the terms of a Deed of Covenant executed as a deed by the Issuer on 15 February 2017 to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of the Notes will be applied by the Issuer for general corporate purposes, in connection with hedging its obligations under the Notes, or both.

NATIONAL BANK OF ABU DHABI P.J.S.C.

GENERAL

The Issuer was incorporated pursuant to an Emiri Decree issued by H.H. Sheikh Zayed Bin Sultan Al Nahyan on 13 February 1968 with limited liability and is registered as a public joint stock company in accordance with the UAE Commercial Companies Law No. (8) of 1984 (as amended) with license number CN-1001897. On 1 April 2015, a new UAE Federal Law No. (2) for Commercial Companies was issued with effective date 1 July 2015 (the "**New Law**"). As per the transitional provisions of the new law, companies are to ensure compliance by 30 June 2017. In compliance with the New Law, the Issuer has adopted new articles of association and obtained the necessary approval of the SCA, the Abu Dhabi Department of Economic Developments and its shareholders. The Issuer is awaiting approval from the UAE Central Bank and will be fully compliant before the transitional provisions deadline. The Issuer operates in the UAE under a banking license (the "**Banking License**") granted by the UAE Central Bank. The Banking License was granted for an indefinite period of time and does not need to be renewed on a periodic basis. Its registered office address is P.O. Box 4, Abu Dhabi, United Arab Emirates (telephone number: +971 2 6111111).

The Issuer's combined credit ratings for senior debt are:

Fitch: (Long term) AA-, (Short term) F1+

Moody's: (Long term) Aa3, (Short term) P-1

S&P: (Long term) AA-, (Short term) A-1+

The above rating from Fitch has been given a 'stable' outlook, whilst S&P has placed the Issuer's long term and short ratings on "Creditwatch", with negative implications. Moody's has given its above mentioned rating a 'negative' outlook. A 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 Issuer is one of the primary bankers to the Government of Abu Dhabi and public sector companies in the emirate. The Issuer is engaged primarily in retail, commercial, wholesale and private banking in the UAE and at selected overseas locations. It has a large international presence, with 45 international branches, cash offices, subsidiaries and representative offices in Bahrain, Brazil, China, Egypt, France, Hong Kong, Jordan, Kuwait, Lebanon, India, Malaysia, Oman, Sudan, Switzerland, the United Kingdom and the United States of America as at the date of this Offering Memorandum.

As a result of the recent geopolitical uncertainty in Libya, the operations of the Issuer's Libyan representative office are in the process of being shut-down permanently. The Issuer is also in the process of liquidating NBAD Global Multi-Strategy Fund, Abu Dhabi Securities Brokerage Egypt and NBAD Trust Company Jersey.

The Issuer has multiple revenue streams and enjoys substantial fee income. The Issuer had total net loans of AED 200,532 million, AED 205,914 million and AED 194,279 million as at 31 December 2016, 31 December 2015 and 31 December 2014, respectively. The Issuer had total equity of AED 46,506 million, AED 43,219 million and AED 37,963 million as at 31 December 2016, 31 December 2015 and 31 December 2014, respectively, and achieved a net profit of AED 5,296 million for the year ended 31 December 2016, AED 5,232 million for the year ended 31 December 2015 and AED 5,579 million for the year ended 31 December 2014.

Organisational Structure

The Issuer's organisational structure is focused around three distinct business divisions: (i) Global Wholesale; (ii) Global Retail and Commercial; and (iii) Global Wealth, each with a focus on growth in the three core areas of: (i) the home market, with a focus on developing the Issuer's commercial and retail businesses in the UAE and across the Gulf region; (ii) the wholesale and wealth network markets, specifically targeting opportunities in the "West-East corridor" spanning Africa, the Middle East and Asia and seeking to integrate existing European and North American relationships into these markets; and (iii) new franchise markets, where the aim is to establish five international bank franchises in the largest and fastest growing economies in the West-East corridor. The Issuer's immediate focus is on further

developing its retail and commercial businesses in the UAE and its wholesale banking and wealth networks.

SHAREHOLDERS AND CAPITAL

The Issuer's ordinary shares have been listed on the Abu Dhabi Securities Exchange (the "ADX") since 2000. As of 31 December 2016, the Government of Abu Dhabi, through the ADIC, holds 69.82 per cent. of the Issuer's outstanding share capital. By virtue of such shareholding, the ADIC has the ability to influence the Issuer's business significantly, through its ability to control and/or block corporate actions or resolutions that require shareholder approval. However, the management of the Issuer does not expect that any conflict of interest is likely to arise with the ADIC. The remaining 30.11 per cent. of the Issuer's outstanding share capital is held by other investors, both retail and institutional.

Of the Issuer's 11 directors, six are directly elected by the ADIC, with the remaining five directly elected by the minority shareholders at the Issuer's annual general assembly meeting. Two of the Issuer's 11 directors are classified as independent directors (according to criteria set out by SCA) (see "*Directors, Management and Employees*" below). The ADIC plays no direct part in the day-to-day management of the business. The executive management of the Issuer is independent from the Board.

The paid-up share capital of the Issuer as at 31 December 2016 comprised 5,255 million ordinary shares of AED 1.00 each. The paid-up share capital of the Issuer as at 31 December 2015 comprised 5,209,723 thousand ordinary shares of AED 1.00 each (which included the 10 per cent. bonus share issue of 473,611 thousand ordinary shares approved by the Issuer's shareholders at the annual general meeting held on 10 March 2015), as compared to a paid-up share capital of 4,736,112 thousand ordinary shares of AED 1.00 each as at 31 December 2014, which included the 10 per cent. bonus share issue of 430,556 thousand ordinary shares approved by the annual general meeting held on 11 March 2014. Up to 25 per cent. of the Issuer's share capital can be held by non-UAE nationals.

BANKING OPERATIONS

The Issuer is organised into the following three business divisions (in addition to the Issuer's Head Office function, which is classified as a business segment for financial reporting purposes) which also formed the basis of the primary segment reporting information in the Issuer's consolidated financial information for the year ended 31 December 2016. The figures in the following table, which have been extracted (without material adjustment) from the Issuer's reviewed accounts for the year ended 31 December 2016, set out the relative contribution (expressed as a percentage) made by each of the Issuer's three business divisions, in addition to the Head Office business segment, to the Issuer's total net profit for the year ended 31 December 2016:

Division	Contribution (%) to the Issuer's total net profit for the year ended 31 December 2016
Global Wholesale.....	77
Global Retail & Commercial	8
Global Wealth.....	19
Head Office.....	(4)
	100.0

* The sum of percentages may not necessarily total 100% due to rounding adjustments.

The consolidated financial statements of the Issuer also include the following wholly-owned subsidiaries as at 31 December 2015:

Legal Name	Country of incorporation	Principal activities	Holding % 2015
NBAD Americas N.V. (formerly Abu Dhabi International Bank N.V.)	Curacao	Banking	100%
NBAD Securities LLC	United Arab Emirates	Brokerage	100%
Abu Dhabi National Leasing LLC	United Arab Emirates	Leasing	100%
Abu Dhabi National Properties PJSC	United Arab Emirates	Property Management	100%
NBAD Trust Company (Jersey) Limited ⁽¹⁾	Channel Islands	Fund Management	100%
NBAD Private Bank (Suisse) SA	Switzerland	Banking	100%
Abu Dhabi National Islamic Finance Pvt.JSC	United Arab Emirates	Islamic Finance	100%
Ample China Holdings Limited	Hong Kong	Leasing	100%
National Bank of Abu Dhabi Malaysia Berhad	Malaysia	Banking	100%
NBAD Investment Management (DIFC) Limited ⁽²⁾	United Arab Emirates	Fund Management	100%
NBAD Employee Share Options Limited	United Arab Emirates	Shares and Securities	100%
SAS 10 Magellan	France	Leasing	100%
NBAD Global Multi-Strategy Fund ⁽³⁾	Cayman Island	Fund Management	100%
National Bank of Abu Dhabi Representações Ltda	Brazil	Representative office	100%
NBAD Financial Markets (Cayman) Limited	Cayman Islands	Banking	100%
Abu Dhabi Brokerage Egypt ⁽⁴⁾	Egypt	Securities Brokerage	96%

⁽¹⁾ Under liquidation

⁽²⁾ Liquidated as at 31 March 2016

⁽³⁾ Under liquidation

⁽⁴⁾ Under liquidation

OVERALL PERFORMANCE

The Issuer reported net profits of AED 5,296 million for the financial year ended 31 December 2016, as compared to AED 5,232 million for the financial year ended 31 December 2015. Net interest income (including income from Islamic financing net of distribution to depositors) decreased by 0.02 per cent. to AED 7,305 million for the financial year ended 31 December 2016 from AED 7,307 million for the year ended 31 December 2015. Net non-interest income increased by 7.8 per cent. to AED 3,503 million for financial year ended 31 December 2016 from AED 3,249 million for the year ended 31 December 2015. Operating income was AED 10,808 million and operating costs were AED 4,013 million for the financial year ended 31 December 2016 as compared to operating income of AED 10,556 million and operating costs of AED 4,083 million for the year ended 31 December 2015. Annualised return on average equity was 11.81 per cent. and the cost to income ratio was at 37.1 per cent. for the year ended 31 December 2016 (compared to 12.9 per cent. and 38.7 per cent., respectively, for the year ended 31 December 2015).

The Issuer reported net profits of AED 5,232 million for the financial year ended 31 December 2015, as compared to AED 5,579 million for the year ended 31 December 2014. Net interest income (including income from Islamic financing net of distribution to depositors) rose by 4.1 per cent. to AED 7,307 million for the year ended 31 December 2015 from AED 7,018 million for the year ended 31 December 2014. Net non-interest income decreased by 4.4 per cent. to AED 3,249 million for the year ended 31 December 2015 from AED 3,397 million for the year ended 31 December 2014. This was mainly on account of the decrease in net investment income. Operating income was AED 10,556 million and operating costs were AED 4,083 million for the year ended 31 December 2015 as compared to operating income of AED 10,415 million and operating costs of AED 3,696 million for the year ended 31 December 2014. Annualised return on average equity was 12.9 per cent. and the cost to income ratio was at 38.7 per cent. for the year ended 31 December 2015 (compared to 15.4 per cent. and 35.5 per cent., respectively, for the year ended 31 December 2014).

The Group has generated less than 1 per cent. of its net profits, assets and liabilities in each of 2014 and 2015, respectively, through its operations in Sudan.

The following tables show the breakdown, by the division indicated, of the Issuer's net profit for the year ended 31 December 2016 and for the year ended 31 December 2015, respectively:

Division	Net profit for the year ended 31 December 2016	Net profit for the year ended 31 December 2015*
	<i>(audited)</i>	<i>(audited)</i>
	<i>(AED million)</i>	<i>(AED million)</i>
Global Wholesale.....	4,079	3,021
Global Retail and Commercial.....	1015	1,239
Global Wealth.....	434	503
Head Office.....	(231)	469
Total.....	5,296	5,232

As per consolidated financial statements published for the financial year ended 31 December 2015, the net profit per division for the financial year ended 31 December 2016, has been reclassified.

The Issuer's total loan portfolio (net of provisions) was AED 200,532 million as at 31 December 2016, a decrease of 2.6 per cent. from AED 205,914 million as at 31 December 2015 (AED 194,279 million as at 31 December 2014). The distribution of the corporate loan portfolio across economic sectors is oriented towards real estate, energy and banks and financial institutions, which is in line with the domestic economy.

The following table provides a breakdown of the Issuer's total loan portfolio by counterparty as at 31 December 2016, 31 December 2015 and 31 December 2014, respectively:

	As at 31		
	December 2016	December 2015	December 2014
		<i>(audited)</i>	
		<i>(AED million)</i>	
Government.....	17,900	20,320	23,435
Public Sector.....	44,542	44,130	41,285
Banking Sector.....	14,951	23,338	24,109
Corporate/private Sector.....	94,374	89,918	81,019
Personal/retail Sector.....	36,331	35,369	32,224
Gross loans and advances.....	208,098	213,075	202,072
Less: interest suspended.....	(1,157)	(1,036)	(1,125)
Less: allowance of impairment.....	(6,409)	(6,125)	(6,668)
Total (Net of Provisions).....	200,532	205,914	194,279

The Issuer's loan portfolio contains a high proportion of loans to the government and public sector entities. As at 31 December 2016, 30 per cent. of gross loans and advances was to government and public sector entities. This concentration of lending reflects the historically close relationship between the Issuer and government and public sector entities. However, over a period of time the Issuer has diversified its loan portfolio thereby reducing the concentration of loans to government and public sector entities from 63 per cent. in 1999 to 30 per cent. as at 31 December 2016. As at 31 December 2016, 31 December 2015 and 31 December 2014, the concentration of the Issuer's gross loan portfolio to its top 12 borrowers was 25.28 per cent., 23.49 per cent. and 27.25 per cent., respectively.

60.7 per cent. of the loan portfolio was denominated in foreign currency as at 31 December 2016. The Issuer has implemented risk management methods to mitigate and control these foreign currency risks along with other market risks to which the Issuer is exposed (see "Risk Management" below).

The Issuer maintains a securities portfolio (both trading and investment) of high credit quality. The Issuer has a Board approved comprehensive risk appetite for these portfolios and they are managed and limited by value-at-risk ("VaR"), notional exposure, credit spread and interest rate sensitivities, geographic and single name exposure concentrations.

The Issuer has no direct exposure to collateralised debt obligations, structured investment vehicles and other sub-prime related issues. The securities portfolios are concentrated in the European and MENA markets. The trading portfolio mainly comprises debt instruments and a managed portfolio of funds and equities. The held-to-maturity portfolio comprises of debt issuances by sovereigns, corporates and financial institutions.

The following table provides a breakdown of the Issuer's securities portfolio as at 31 December 2016, 31 December 2015 and 31 December 2014, respectively:

	As at 31		
	December 2016	December 2015	December 2014
	<i>(audited)</i>		
	<i>(AED million)</i>		
Trading portfolio.....	14,526	12,291	15,426
Available-for-sale	58,410	57,003	61,958
Held-to-maturity	6,032	6,791	5,536
	85,638	76,085	82,920

The Issuer has created Special Purpose Entities ("**SPEs**") with defined objectives to carry on fund management and investment activities on behalf of customers. The equity and investments managed by the SPEs are not controlled by the Issuer and the Issuer does not obtain benefits from the SPEs' operations, apart from commissions and fee income. In addition, the Issuer does not provide any guarantees or assume any liabilities of these entities. Consequently, the SPEs' assets, liabilities and results of operations are not included in the consolidated financial statements of the Issuer. The SPEs are as follows:

Legal name	Activities	Country of incorporation	Holding 2015	Holding 2014
NBAD Private Equity 1	Fund management	Cayman Islands	58%	58%
One Share PLC	Investment company	Republic of Ireland	100%	100%
NBAD (Cayman) Limited.....	Fund management	Cayman Islands	100%	100%

Capital Adequacy

The Issuer calculates its capital ratios in accordance with Basel II guidelines established by the UAE Central Bank. As at 31 December 2016, 31 December 2015 and 31 December 2014, respectively, these ratios were as follows:

	As at 31		
	December 2016	December 2015	December 2014
	<i>(audited)</i>		
	<i>(AED million other than percentage figures)</i>		
Capital base.....	49,079	46,074	41,019
Risk weighted assets:			
Credit Risk	228,092	236,977	209,665
Market Risk.....	24,593	20,398	23,611
Operational Risk.....	18,630	17,883	16,937
	271,316	275,258	250,213
Capital adequacy ratio.....	18.09%	16.74%	16.39%

Funding

The Issuer's bank and customer deposits totalled AED 294,346 million, AED 273,317 million and AED 279,865 million as at 31 December 2016, 31 December 2015 and 31 December 2014, respectively. Customer deposits amounted to AED 253,382 million, AED 233,815 million and AED 243,185 million as at 31 December 2016, 31 December 2015 and 31 December 2014, respectively, and represented 86.1 per cent., 85.5 per cent. and 86.9 per cent., respectively, of total bank and customer deposits. The Issuer's customer deposits contain a high proportion of deposits from government and public sector entities. As at

31 December 2016, approximately 19.2 per cent. of the Issuer's customer deposits were from government entities and a further 19.5 per cent. were from public sector entities. The Issuer's funding needs are also met by equity reserves and retained earnings, interbank lines of credit, repurchase agreements and wholesale market funding in the form of Euro commercial paper and medium term note issues.

since 7 December 2005, the Issuer has made several issuances in multiple currencies under the EMTN Programme, of which the outstanding amount as at 31 December 2016 is the equivalent of U.S.\$4.80 billion, with maturities ranging between 2017 and 2046.

The Issuer has a combined MYR 3 billion Medium Term Note and Trust Certificate issuance programme and also has an AUD 2 billion Australian and New Zealand domestic debt issuance programme. As at the date of this Offering Memorandum, the total amount outstanding under the MYR programme was MYR1 billion (all issued as Trust Certificates), while the total amount outstanding under the AUD programme was AUD700 million.

In 2011, the Issuer launched a JPY 10 billion "Samurai" bond with a coupon of 2.6 per cent. per annum. In May 2013, the Issuer launched a U.S.\$500 million convertible bond with a coupon of 1 per cent. per annum. As of August 2016, the Issuer had bilateral loans outstanding of U.S.\$1.3 billion.

In June 2015, the Issuer launched its inaugural US\$750 million, Additional Tier 1 Perpetual Bond with a coupon of 5.25 per cent. per annum.

In September 2006, the Issuer established a U.S.\$2 billion euro commercial paper programme for the issuance of euro commercial paper. In July 2015, the programme size was increased to U.S.\$5 billion. These notes are denominated in various currencies and have maturities of less than 12 months.

In April 2016, the Issuer established a U.S.\$5 billion US commercial paper programme.

The Issuer also has three Certificate of Deposit issuance programmes established in each of London, Paris and Hong Kong.

The net proceeds received by the Issuer from the issuance of each of the instruments described in the above paragraphs, other than the net proceeds of the MYR issuances (part of which were used for capitalising its subsidiary in Malaysia, National Bank of Abu Dhabi Malaysia Berhad), were used for the Issuer's general corporate purposes.

The following table shows the sources of the Issuer's funding as at 31 December 2016, 31 December 2015 and 31 December 2014, respectively:

	As at 31		
	December 2016	December 2015	December 2014
		<i>(audited)</i>	
		<i>(AED million)</i>	
Due to banks	40,964	39,502	36,680
Repurchase agreements with banks.....	17,222	30,551	13,876
Euro commercial paper	7,373	8,720	5,484
Customers' deposits.....	253,382	233,815	243,185
Term borrowings	28,916	21,047	14,999
Derivative Financial Instruments	13,381	12,852	10,953
Other liabilities	12,614	15,583	11,442
Subordinated notes.....	356	1,275	1,517
Equity	46,506	43,219	37,963
	420,714	406,564	376,099

THE MAJOR DIVISIONS

The three business divisions of Global Wholesale, Global Retail and Commercial and Global Wealth outlined on pages 67, 70 and 71 respectively of this Offering Memorandum are further detailed below.

GLOBAL WHOLESALE

The Global Wholesale Banking division ("**GWB**") is the Issuer's largest business division and comprises two product units and one client relationship unit. Working with these two product units and the client relationship unit, is a relationship team which focuses on the UAE Government and key Abu Dhabi based clients.

The two product units, Global Markets and Global Banking, are responsible for product strategies, development and sales across the full Group network and for delivery of GWB's financial performance. The client relationship unit is responsible for managing and developing GWB client relationships and maximising revenue and GWB customer return on equity through the cross-selling of products across multiple geographies within the Issuer's network. The client relationship teams are organised around six industry sectors which are financial institutions, aviation and transport, energy and resources, real estate and family conglomerates, traders, retailers and diversified portfolios and a specialised team focussing on UAE Government and key Abu Dhabi based clients.

The UAE Government and key Abu Dhabi based clients team focuses on developing strategic relationships with the Governments of the different Emirates to assist in delivery of the Abu Dhabi Economic Vision 2030, issued by the Government of Abu Dhabi in January 2009 (the "**2030 Economic Vision**") and addresses their requirements around investments and banking services. By virtue of the breadth of coverage and the significance of the relationships involved, the team has a direct reporting line to the Group chief executive officer (the "**Chief Executive Officer**"). The team covers all federal ministries and local government departments and related agencies which continue to be managed within their respective industry sector teams.

For the year ended 31 December 2016, the GWB recorded net profits of AED 4,079 million.

Global Markets

Global Markets ("**GM**") acts as the access point for the Issuer and its clients to international financial markets in all the traded asset categories, including currencies, interest rate, fixed income, derivatives and pools of liquidity. GM tailors its services and the offering of these products based on its clients individual risk appetite.

Global Markets Sales

GM's distribution capability is underpinned by a sales team that enables the Issuer to access pools of liquidity globally.

The coverage groups for GM sales are segmented by client type, namely institutional, corporate, commercial, and government clients.

The sales teams are supported by Global Markets Products, who assist in the provision of liquidity and market-making capabilities for the Issuer's clients.

Global Markets Products

Within Global Markets Products, Asset and Liability Management ("**ALM**") provides both short-term and long-term funding options for its clients. ALM established the region's first "repo" desk, which supports the Issuer's debt origination, distribution and trading activities.

The FX & Rates desk assists its clients in managing interest rate risks and acts as a market maker in GCC products, including loans, deposits, foreign exchange spot and foreign exchange forwards. The related derivatives are managed by the Non-Linear Products desk.

Through "Emerald", the E-Commerce desk manages a cross-asset class execution platform that assists clients in navigating their foreign exchange and money market requirements.

The Credit Trading desk trades fixed income instruments and derivatives, primarily related to MENA credit.

GM has significantly expanded its international presence and is currently operating across the UAE, Oman, Bahrain, Kuwait, India, Jordan, Egypt, Hong Kong, Malaysia and the United Kingdom.

Global Banking

Global Banking ("**GB**") is the largest revenue and profit generating division in the Group. GB product teams work with client relationship partners to offer a range of financing and advisory options for clients. The business units within GB consist of the following: Debt Origination and Distribution, Merchant Banking & Securities and Fund Administration Service, Global Project & Structured Finance and Global Transaction Banking.

In line with the GWB strategy, GB is deepening its product and service offerings while expanding its international footprint across Europe and Asia to take advantage of opportunities arising in the West-East corridor.

Debt Origination and Distribution

Combining Debt Capital Markets, Syndicated Finance, Islamic Structuring, Fixed Income Syndicate, Loan Distribution, Transaction Management and Loan Agency, Debt Origination and Distribution offers an integrated debt financing proposition to the Bank's wholesale clients across bonds, loans and Sukuk. Since 2014, the business has won more than 90 industry awards including "Rising Star Emerging Markets Bond House" from Global Capital and "Best Bond House in the Middle East", "Best Syndicated Loan House in the Middle East" and "Best Sukuk House" from EMEA Finance. As at the end of 2015, the Bank was ranked #2 Bookrunner of GCC Bonds and Sukuk, #2 Bookrunner of MENA Loans, #4 Bookrunner of GCC Loans and #5 Bookrunner of MENA Bonds and Sukuk by Bloomberg.

Merchant Banking & Securities and Fund Administration Services ("MB & SFAS")

The MB & SFAS team provides financial advisory and capital raising services to clients located principally in the UAE, the wider MENA region and selectively in Asia.

MB & SFAS has two main product lines: advisory services; and security services. On the advisory side, the team offers a range of services including mergers and acquisitions, private placements, equity capital markets and project finance advisory. On the securities side, the team offers IPO management, share registrar, and fund administration services.

In 2015 to 2016, the Issuer was mandated as a buy side financial advisor to a U.S.\$1.5 billion cross border M&A transaction, appointed as a sell side financial advisor to execute on a listed equity block trade and retained as an advisor to a U.S.\$1.4 billion project finance for a petrochemical refinery in Egypt.

Global Project and Structured Finance

In 2015, the Issuer streamlined its specialised debt financing teams (Project Finance, Structured Trade Finance and Global Asset Finance) into Global Project and Structured Finance.

The Global Project and Structured Finance team is aligned with the Client Relationships Sector team enabling it to offer sector expertise and provides a wide range of customised financing solutions for (a) large projects across energy, infrastructure and real estate development sectors (including non-recourse or Limited recourse, PFI/PPP structures and export credit agency supported), (b) high value capital assets such as aircrafts, ships, oil tankers, manufacturing plant and machinery and heavy equipment used in construction (including fixed/variable rate leases, structured leases, step-up and step-down leases, upgrade leases, sale and lease back and hire purchase) and (c) other productive assets such as receivables, pre-export orders and inventory (including receivables-backed term loans, pre-payment/pre-export financing, inventory financing, and risk mitigated facilities).

Global Transaction Banking

The Global Transaction Banking ("**GTB**") team provides trade finance to its clients globally and cash management and custody services to its clients in the GCC region plus Egypt, Morocco, Tunisia and Jordan. At the start of 2016, the Issuer merged its Custody business (from Global Wealth) with GTB to enhance its overall product offering.

GTB's trade finance proposition includes products across the traditional trade and value added trade portfolios. The Issuer offers a full suite of traditional trade products including letters of credit (import and export), letters of guarantee (inward and outward), documentary credits and collections, standby letters of credit, bills for collection (inward and outward) and financing products. GTB also built expertise along the value added trade finance products by offering customised receivables financing and supply chain financing programs. GTB has won many awards for its trade finance offering, most recently the "Best Bank in UAE for Trade Finance" by GTR in 2016.

GTB's cash management offerings are built on highly integrated, secured web-based cash and treasury management solutions. Cash management products offered by the GTB team include account services, collections and receivables, payment services, highly secure channels including internet banking, "host 2 host" and SWIFT as well as structured liquidity management. GTB won many awards for cash management most recently the "Best Treasury & Cash Management Bank in the Middle East" by The Global Finance in 2016.

The Issuer is the only UAE bank licensed to provide custody services. The Issuer's custody offering includes settlement and clearing of securities and cash, safe keeping of securities and associated cash, reporting, asset servicing, cash management, direct custody services for the Abu Dhabi Securities Exchange, the Dubai Financial Market and NASDAQ Dubai, with a geographical spread that extends to cover the GCC and Middle East markets in addition to international markets through its sub-custodian network, servicing assets under custody. The Issuer also offers non-discretionary portfolio management services, portfolio restructuring and asset allocation, whereby the portfolio is traded at the sole discretion of the client.

Client Relationships

For five of the industry sectors covered by the relationship management team (financial institutions, aviation and transport, energy and resources, real estate and family, traders, retailers and diversified), the objective of the client relationships team is to service the Issuer's chosen clients in these industry sectors. A dedicated team also covers relationships with governments and government sector entities of the individual emirates.

Financial Institution

Financial institution ("FI") clients represent one of the main sectors within the GWB division for the Issuer in terms of volume, profitability and growth potential. This sector encompasses both bank and non-bank FIs and covers commercial banks, wholesale banks, investment banks, central banks (together with ministry of finance), export-import banks, finance companies, insurance companies, sovereign wealth funds, and pension funds. The Issuer's FI coverage team aims to be the first port of call for those FI clients wanting to grow their business in the West-East Corridor.

Aviation and Transport

Aviation and Transport clients represent one of the fastest growing industrial sectors in the Middle East and wider West-East corridor. The Issuer's client portfolio in this industry sector is diverse, with key clients operating across the airline, shipping, transport and logistics and aerospace sectors in addition to covering defence and military equipment manufacturers. Many of the Issuer's key clients are global brands, which are particularly active in the emerging markets. The Issuer has close relationships with leading manufacturers across these industry sectors such as Boeing, Airbus and Rolls Royce. As a result of these close relationships, the Issuer has been appointed on a number of prominent financing transactions for these clients in addition to providing industry and product expertise on an on-going basis to hedge clients' interest rate and commodity risks in such transactions.

Energy and Resources

The Energy and Resources sector is an integral part of the UAE economy. Accordingly, the Issuer has a dedicated client relationship sector focussed team to meet the particular needs of clients in the sector. The team focuses on the following areas: oil, gas, power, petrochemicals, renewables, utilities and hydro-electric projects.

Real Estate and Family Conglomerates

The Real Estate sector is one of the key non-oil-related economic drivers of nominal GDP growth in the UAE and, together with family conglomerates and specialised government related entity vehicles, represent the other significant participants in the real estate industry. In addition to operating in its local markets, the Real Estate and Family team provides industry and product expertise on an on-going basis in the European, Asian and US markets in order to support its clients in their international investment activities. Given the additional stimuli of Expo 2020 and the 2030 Economic Vision, the Real Estate sector is expected to continue to be an integral part of the UAE economy.

Traders, Retailers and Diversified

The Traders, Retailers and Diversified clients sector represents a wide range of corporates across the automotive, garments, food and beverage, commodities, home appliances, electronics, telecommunications, manufacturing, contracting, and healthcare and education industries. The Retail and Trading sectors are becoming one of the most important domestic markets in the UAE. Given the current and planned developments in the domestic consumer goods sector ahead of hosting Expo 2020 in Dubai, it is anticipated that this sector will experience continued growth in the years preceding Expo 2020. The "Diversified" sector covers industries such as telecommunications, contractors, manufacturing, and healthcare which support the key sectors of Abu Dhabi's 2030 Economic vision.

Government

The Issuer has also actively supported the 2030 Economic Vision and other strategic initiatives implemented by the Government of Abu Dhabi through key government-related entities, as well as governments of other Emirates in the UAE. Additionally, within the GCC, the Issuer has successfully penetrated highly competitive markets by participating in major transactions across the GCC. Outside the GCC, the Issuer has also been involved in international transactions in the energy industry for key international clients.

GLOBAL RETAIL AND COMMERCIAL

Global Retail and Commercial ("**GRC**") covers the full international retail and commercial network, in addition to the Issuer's Islamic financing subsidiary, Abu Dhabi National Islamic Finance Private Joint Stock Company ("**ADNIF**").

For the year ended 31 December 2016, the GRC recorded net profits of AED 1,015 million.

Consumer and Elite Gold Banking

As at 31 December 2016, the Issuer offers its retail customers a wide choice of products and services through approximately 108 branches and cash offices, over 547 ATMs/CDMs, a 24/7 call centre and online and mobile banking facilities. This is further supplemented by a growing range of electronic banking services and a direct sales team of more than 996 employees. Customers also have access to a variety of loans, deposits, cards, transaction accounts, investment and insurance products.

The Elite Gold Banking unit provides personal banking services for high net worth clients resident in the UAE who: (i) have a monthly income of AED 75,000 or above; (ii) have a total relationship balance of AED 370,000 or above; (iii) have a mortgage of AED five million or above; or (iv) have an insurance policy of USD 2,000 per month.

Commercial Banking

Commercial Banking's strategy is to provide comprehensive product coverage to the fast growing small and medium enterprise ("**SME**") and mid-corporate segments in the UAE, Oman, Egypt and Jordan. Through a team of relationship managers, supported by the resources of the Issuer's network, the Commercial Banking team is able to offer a range of products and services in trade finance, cash services, foreign exchange and lending. The Commercial Banking team also provides commercial banking services on a local level to many multi-national corporations to whom the Issuer provides other banking services across its network.

Abu Dhabi National Islamic Finance

ADNIF offers a range of Islamic financial services to retail and corporate customers. ADNIF is headquartered in Abu Dhabi and the Issuer plans for ADNIF to have offices throughout the UAE. The Issuer expects there to be growth in Islamic finance in the UAE and is positioning itself to take advantage. ADNIF's paid-up capital as of 31 December 2016 is AED 500 million of which the Issuer owns 4,999,980 shares (AED 499,998,000) with the remaining two shareholders holding 10 shares each (AED 1,000 each). As at 31 December 2016, ADNIF had six branches in operation.

GLOBAL WEALTH

Global Wealth ("**GW**") focuses on the wealth of private and institutional investors through the Issuer's Private Banking, Global Asset Management and Brokerage business. Its core clients are:

- Ultra High Net Worth Individuals (greater than U.S.\$25 million in investable assets);
- High Net Worth Individuals (greater than U.S.\$1 million in investable assets or sophisticated investors);
- Institutional investors across the GCC (such as corporate and pension funds); and
- Intermediaries (such as banks, brokers and other issuers).

The Global Private Banking unit forms part of the Global Wealth Division together with the Global Asset Management and Brokerage (NBAD Securities) offerings unit. The Global Asset Management, Brokerage are core to the Private Banking offering but also provide services to the Issuer's institutional clients and focus on the development of new products and services tailored towards Private Banking's clients.

For the year ended 31 December 2016, GW recorded net profits of AED 434 million.

Global Private Banking

The Global Private Banking business provides onshore private banking services in the UAE through the UAE Private Banking office. The unit also provides offshore private banking services through the Issuer's wholly owned Swiss subsidiary, NBAD Private Bank (Suisse) SA.

The Global Private Banking business leverages on a wide range of both Group and external products and services to offer clients a complete private banking service, with key services including: (i) discretionary and advisory investment mandates; (ii) deposits; (iii) lending (property and securities); (iv) wealth protection; and (v) through NBAD Private Bank (Suisse) SA, foreign exchange trading.

The Issuer believes that the rapid growth in private individuals' wealth offers significant opportunities for its Global Private Banking business. Currently, a large proportion of wealth generated in the UAE is managed by foreign institutions. Furthermore, the Issuer believes that its existing strengths, including its well respected brand, its local presence and established client relationships provide it with a firm base to continue to expand its Global Private Banking business. NBAD Private Bank (Suisse) SA operates as a fully independent Swiss private bank and is subject to Swiss laws and regulations, including those on confidentiality. NBAD Private Bank (Suisse) SA focuses on offering high net worth individuals tailor-made private banking and wealth management services. The Global Private Banking business also offers onshore UAE private banking services through its dedicated private banking offices in Abu Dhabi and Dubai. The GW London office provides clients with various real estate financing opportunities. Client introductions are handled by both the Group network referring clients, as well as the new business brought in by the division's own private banking team.

Within the UAE, the Global Private Banking business complements the services offered by the Elite Gold Banking unit (see "*Global Retail and Commercial*" above). The Elite Gold Banking unit focuses on providing UAE clients with prestige retail banking products and services whereas the Global Private Banking business focuses on providing UAE and global clients with wealth management advice and products.

The Issuer's strategy for its Global Private Banking business is to become a first choice provider of sophisticated and tailor-made wealth management solutions to ultra-high net worth individuals in the UAE and overseas. In order to achieve this, the Issuer offers an open architecture investment approach (including the GAM (as defined below) funds where appropriate) as part of the tailor-made investment and wealth structuring services it offers its clients. As indicated above, the Global Private Banking business offers its broad range of products both through an on-shore platform in the UAE and its off-shore platforms (including NBAD Private Bank (Suisse) SA).

The Issuer's UAE Private Banking function was awarded "Private Bank of the Year UAE" for 2015 in the Annual Global Private Banking Awards hosted by The Banker and Professional Wealth Management Magazine.

Global Asset Management Group

The Global Asset Management Group ("**GAM**") is a wealth-oriented business composed of an asset management function and an investments, products and solutions unit servicing primarily the Global Private Bank. Through GAM, the Issuer is currently one of the largest local asset managers in the UAE with assets under management in excess of AED 10.3 billion as at 31 December 2016. GAM provides access to multiple investment strategies to clients through two investment vehicles: mutual funds and segregated mandates. Strategies offered are differentiated by risk (defensive versus aggressive), markets (UAE, MENA and broader markets), asset class (equities and fixed income) and Shariah compliance. In terms of clients, GAM primarily services ultra-high net worth individuals, sovereign wealth funds and financial institutions.

The investments, products and solutions unit includes several sub-functions that service the Issuer's Global Private Bank. The investment strategy team formulates the "NBAD House View" and publishes regular investment views, including macro-economic and asset class specific views (on asset classes including equities, fixed income and commodities) which are then disseminated throughout the business of the Issuer. The aim is to ensure that client facing businesses receive a unified and consistent flow of information and opinion. The "NBAD House View" is used to guide investment advisors, relationship managers and clients across the Issuer's operations and particularly within the Global Private Banking business and the GRC division, in addition to assisting with the management of the strategic and tactical asset allocation that governs the Issuer's model portfolios and asset allocation funds.

The investment products team is responsible for the sourcing and the selection of investment products and solutions (either in-house or from external providers), which are then marketed by the appropriate client facing businesses (including the Global Private Banking and GRC). The investment products team utilises the "NBAD House View" in addition to obtaining input from the Issuer's network of internal investment advisors and relationship managers in the sourcing and selection of investment products. The investment products steering committee facilitates the sourcing, evaluation and selection of investment ideas which align with the "NBAD House View". The investment products team works closely with various stakeholders to ensure that products are established and managed in line with both internal and external guidelines and regulations.

The investment advisory team has responsibility for GAM's investment advisory function, with investment advisors operating within the Global Private Banking business. Working with select clients, investment advisors tailor investment ideas to client risk/return profiles and aim to provide clients with a holistic view of their investments and allocations. For clients who wish to simply trade through the Issuer, GAM's trade execution desk executes transactions in respect of multiple asset classes (including, but not limited to, equities, fixed income products, foreign exchange and funds) on behalf of clients of the Global Private Banking business and the GRC division. Operational in Switzerland and the UAE, the desk aims to provide clients with efficient access to global markets.

The Issuer's GAM was awarded "Best ETF Provider" by MENA Fund Manager 2016; "Best Asset Management" by International Takaful Award 2016, "Best Fixed Income Fund" by the Banker Middle East Awards 2016.

NBAD Securities LLC

NBAD Securities LLC ("**NBADS**"), a wholly-owned subsidiary of the Issuer which is licensed by the SCA. NBADS is one of the largest brokerage service providers in the UAE with a market share of 8.2 per

cent., for 31 December 2016 servicing 4,500 active accounts through four active branches across the UAE in addition to its own dedicated e-trading platform. NBADS trades across the ADX, the DFM, NASDAQ Dubai and selected markets in the GCC (through various third party partners).

NBADS is a market-focused, process centred institution that delivers innovative and consistent services, including various brokerage services in the UAE and the regional markets alike. In addition, NBADS provides research services for institutional and retail clients covering UAE and selected Saudi, Qatar and Egyptian public listed companies.

The Issuer's strategy for NBADS is to maintain its position as one of the primary brokerage service providers in the UAE and to develop it from a local brokerage operation into a global brokerage operation which is able to offer its customers services on local, regional and international equity markets, as well as fixed income brokerage services. In order to achieve this strategy, the Issuer has segregated retail, high net-worth individuals and institutional brokers in order to better serve the needs of clients and to ensure that confidentiality is maintained at all times. NBADS is currently diversifying its product breadth (for example by offering margin trading services). All of the necessary support units required to deliver a quality service to its customers have been put in place with an emphasis on compliance and technology. In this regard, the Issuer believes that NBADS offers a unique service to its clients and UAE investors, as a whole, in addition to providing channels of investing regionally using the latest technology and by providing them with the latest fundamental and technical research tools to enable them to make informed investment decisions which minimise the risks inherent in foreign and regional markets.

The Issuer was honoured with several accolades in 2015, with an award for the "Highest Percentage of Emiratization" by the Abu Dhabi Securities Exchange, the "Best Brokerage House in the UAE" (for the third consecutive year) and the "Best Research Company" by International Finance Magazine.

Key Clients Management

The Key Clients Management Department provides global relationship management for the Abu Dhabi royal family, government entities and other key dignitaries including diplomats, members of various boards of directors, high-net worth individuals and business communities to service their banking needs and to maintain the Issuer's reputation as a leading financial institution.

HEAD OFFICE SUPPORT AND OTHER BUSINESSES

Head Office

The Issuer provides centralised human resources, information technology, finance, investor relations, corporate communications, property, legal, operations and administrative support to all of its businesses.

Group Treasury

The Group Treasury department is a Head Office function whose role is to ensure that the Group always has sufficient liquidity and capital to support the Board's medium and long-term strategic objectives which incorporate balance sheet, geographical and financial performance growth. More specifically, its responsibilities include the following at the Group level: management of the Group's liquidity position (which considers all domestic and international regulatory requirements), management of the Group's structural asset and liability position, management of the Group's capital position (including meeting requirements for newly established branches or subsidiaries), management of the investment of the Group's excess liquidity/capital, management of the global debt platform (including responsibility for all issuance including capital products) and management of the Group's internal funds transfer pricing platform.

Risk Management

The Board has overall responsibility for the establishment and oversight of the Issuer's risk management framework and they are assisted by two Board committees, the Risk Management Committee and the Audit Committee; and by two management committees, the Group Risk Committee and the Group Assets and Liabilities Committee.

The Issuer manages risk on three levels through its business units, control units and Group Internal Audit ("GIA"). Business units identify and manage risk in their day-to-day activities by ensuring that activities

are within the Issuer's risk appetite and remain compliant with relevant internal policies and processes. The Risk group (comprising the Head Office risk function and the embedded risk functions in the various business divisions) and the Group Legal and Compliance Division jointly establish risk controls comprising policies, frameworks, processes and analytical tools whilst providing oversight and independent review of the first line. GIA provides assurance to management and the Board of the effectiveness of the Group's risk management practices.

Liquidity Risk

Liquidity risk is the risk that the Issuer is unable to meet its financial obligations as and when they fall due or that it can only do so at an excessive cost. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to cease to be available. To mitigate this risk, senior management of the Issuer has diversified funding sources and monitors liquidity on a daily basis to ensure adequate liquidity is maintained. In addition, the Issuer maintains a statutory cash reserve with central banks and maintains an adequate balance of cash, cash equivalents and readily marketable securities.

The table below summarises the maturity profile of the Issuer's assets and liabilities based on the contractual repayment arrangements. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. The maturity profile is monitored by senior management to ensure that adequate liquidity is maintained.

The following table (which has been extracted from the Issuer's 2016 Financial Statements) shows the maturity profile of assets, liabilities and shareholders' equity as at 31 December 2016:

	Total	Up to 3 months	3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Unspecified maturity
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Assets							
Cash and balances with central banks ...	98,664,599	98,208,992	455,607	-	-	-	-
Investments at fair value through profit or loss	14,525,506	6,013,245	2,580,915	3,952,291	345,852	1,633,203	-
Due from banks and financial institutions	8,523,107	8,450,685	72,422	-	-	-	-
Reverse repurchase agreements.....	9,566,579	6,364,061	3,202,518	-	-	-	-
Derivative financial instruments	12,019,406	1,937,664	1,683,453	2,274,254	1,681,947	4,442,088	-
Loans and advances	200,531,811	36,261,443	16,631,619	48,835,398	33,714,947	65,088,404	-
Non-trading investments	64,441,924	2,707,170	4,611,508	4,972,213	22,881,893	29,269,140	-
Other assets	9,545,979	7,159,484	2,386,495	-	-	-	-
Investment properties.....	45,604	-	-	-	-	-	45,604
Property and equipment	2,848,985	-	-	-	-	-	2,848,985
	420,713,500	167,102,744	31,624,537	60,034,156	58,624,639	100,432,835	2,894,589
Liabilities and equity							
Due to banks and financial institutions..	40,963,741	37,147,059	3,623,556	-	193,126	-	-
Repurchase agreements.....	17,222,136	17,222,136	-	-	-	-	-
Commercial paper	7,372,911	6,429,925	942,986	-	-	-	-
Derivative financial instruments	13,380,789	1,680,401	1,408,369	2,521,696	2,307,254	5,463,069	-
Customer accounts and other deposits...	253,382,492	217,764,581	28,929,194	5,474,442	869,291	344,984	-
Term borrowings	28,915,650	3,038,818	1,621,984	14,849,443	3,910,125	5,495,280	-
Other liabilities	12,614,291	9,460,719	3,153,572	-	-	-	-
Subordinated notes	355,987	-	-	-	-	355,987	-
Equity.....	46,505,503	-	-	-	-	-	46,505,503
	420,713,500	292,743,639	39,679,661	22,845,581	7,279,796	11,659,320	46,505,503
Undrawn commitments to extend credit	30,518,518	1,357,208	3,648,834	9,753,372	8,687,629	7,071,475	-
Financial guarantees	510,562	-	2,105	327,112	181,345	-	-
Trade contingencies	106,035,033	27,356,812	12,456,648	24,831,821	9,605,772	31,783,980	-

The following table (which has been extracted from the Issuer's 2015 Financial Statements) shows the maturity profile of assets, liabilities and shareholders' equity as at 31 December 2015:

	Total	Up to 3 months	3 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Unspecified maturity
	<i>AED'000</i>						
Assets							
Cash and balances with central banks ...	76,382,109	75,844,493	537,616	-	-	-	-
Investments at fair value through profit or loss	12,291,138	1,760,823	3,607,247	3,272,508	622,175	3,028,385	-
Due from banks and financial institutions	10,891,768	10,632,741	258,309	718	-	-	-
Reverse repurchase agreements.....	13,330,186	10,671,882	2,658,304	-	-	-	-
Derivative financial instruments	10,574,091	972,618	1,382,894	2,828,035	1,508,624	3,881,920	-
Loans and advances	205,913,553	42,993,900	19,996,303	37,620,046	46,069,522	59,233,782	-
Non-trading investments	63,794,151	4,488,104	2,484,621	8,313,096	16,076,948	32,431,382	-
Other assets	10,550,483	7,912,863	2,637,620	-	-	-	-
Investment properties.....	190,546	-	-	-	-	-	190,546
Property and equipment	2,645,782	-	-	-	-	-	2,645,782
	406,563,807	155,277,424	33,562,914	52,034,403	64,277,269	98,575,469	2,836,328
Liabilities and equity							
Due to banks and financial institutions..	39,502,515	35,932,138	3,351,702	18,873	199,802	-	-
Repurchase agreements.....	30,550,652	27,963,532	2,587,120	-	-	-	-
Euro commercial paper	8,720,597	7,125,622	1,594,975	-	-	-	-
Derivative financial instruments	12,852,358	1,270,786	1,161,440	2,856,894	2,199,441	5,363,797	-
Customer accounts and other deposits...	233,814,558	209,805,846	19,503,593	3,490,452	634,750	379,917	-
Term borrowings	21,046,668	-	3,305,700	6,960,540	7,605,842	3,174,586	-
Other liabilities	15,582,508	11,686,881	3,895,627	-	-	-	-
Subordinated notes	1,275,298	914,205	-	-	-	361,093	-
Equity.....	43,218,653	-	-	-	-	-	43,218,653
	406,563,807	294,699,010	35,400,157	13,326,759	10,639,835	9,279,393	43,218,653
Undrawn commitments to extend credit	29,790,338	2,661,071	6,740,535	10,013,062	6,255,392	4,120,278	-
Financial guarantees	995,631	202,015	57,217	562,400	173,999	-	-

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates and arises in respect of financial instruments denominated in a foreign currency. The Group's functional currency is the UAE Dirham. The Board has set limits on positions by currency. At the Group level, the Issuer has set limits for the pegged and unpegged currencies which have been calculated using net open positions (a risk methodology which the Issuer uses to calculate its foreign exchange exposures). Once the Issuer's exposures have been calculated, they are checked against the net open position limits set at the Group level. Positions are closely monitored and hedging strategies are used to ensure positions are maintained within established limits.

The following table (which has been extracted from the Issuer's 2015 Financial Statements) shows the significant net exposures denominated in foreign currencies to which the Issuer was exposed as at 31 December 2015:

Currency	Net spot position (short)/long	Forward position (short)/long	Total 2015 (short)/long	Total 2014 (short)/long
	<i>(AED'000)</i>			
US Dollar.....	36,696,915	(16,547,815)	20,149,100	10,020,237
UK Sterling pound.....	(9,462,720)	9,297,239	(165,481)	212,434
Euro	5,141,779	(5,472,359)	(330,581)	189,181
Kuwaiti Dinar	(907,613)	857,960	(49,653)	(526,251)
Chinese Yuan.....	(1,041,858)	1,043,328	1,470	(2,750)
Saudi Riyal	(607,351)	(5,694,882)	(6,302,232)	(2,327,591)
Japanese Yen	1,721,515	(1,701,947)	19,568	40,441
Swiss Franc.....	221,468	(205,495)	15,973	470,466
Qatari Riyal.....	(66,289)	1,742,903	1,676,614	1,361,069
Bahraini Dinar	220,175	(432,717)	(212,542)	79,843
Egyptian Pound.....	(6,302)	(48,139)	(54,441)	375,877
Jordanian Dinar.....	533,025	(234,402)	298,623	266,422
Malaysian Ringgit.....	(585,852)	562,711	(23,141)	133,456

Market Risk

The Issuer's business exposes it to market risks, which is the potential for adverse changes in the market value of portfolio and positions due to fluctuations in interest rates, exchange rates, equity prices, commodity prices, as well as in their correlation and implied volatility.

The Issuer segregates market risk from two sources: trading and non-trading portfolios. Trading portfolios are mainly held by the GM, while the non-traded market risk resides primarily in the investment portfolios, interest rate gaps in the banking book and the Group's overall foreign exchange positions.

Credit Risk

Credit is the risk that a customer or counterparty will fail to meet a commitment, thereby resulting in financial loss to the Issuer. Credit risks could arise from a deterioration in the credit quality of specific counterparties, from a general deterioration in local or global economic conditions or from systemic risks with the financial systems, all of which could affect the recoverability and value of the assets of the Issuer and which could cause an increase in the provisions for the impairment of its assets and other credit exposures. The Issuer's Credit Risk Management framework includes policies and procedures to monitor and manage these risks. The Group Risk Management function ensures centralised oversight for credit risk management including:

- Establishment of authorisation structure and limits for the approval and renewal of credit facilities;
- Reviewing and assessing credit exposures in accordance with authorisation structure and limits, prior to facilities being committed to customers. Review and renewal of facilities are subject to the same process;
- Diversification of lending and investment activities;
- Limiting concentrations of exposure to industry sectors, geographic locations and counterparties; and
- Ensuring periodic monitoring of credit risk in its portfolio by the:
 - Monitoring of risk quality (Obligor Level): the Issuer has a process of periodic review of credit based on internal rating grades. More frequent reviews are made for the weaker credits and less frequent reviews for the superior credits. The Issuer has a process of defining and reporting all the potential problem accounts. The consumer banking portfolio is monitored based on delinquency buckets, which are calculated based on the number of instalments due from the relevant customer;
 - Monitoring of risk quality (Portfolio Level): the Issuer monitors the existing portfolio based on the relevant economic sectors, industry, geography, ratings and business lines. These portfolio reports are prepared periodically and circulated to senior management;
 - Monitoring of amounts of principal and interest which are past due: all past due amounts of principal and interest on loans and advances are reported periodically to senior management. Measures to realise such past due amounts are initiated with continuous follow up thereafter;
 - Monitoring of excess over limits: the Issuer has a policy for monitoring of all excesses over limits. The monitoring reports are submitted to senior management and processes are initiated to realise and regularise such excesses;
 - Monitoring of potential loss accounts (Watch-list): this category comprises accounts where either contractual principal or interest are past due or when the accounts show weakness in the borrower's financial position and creditworthiness and requires more than normal attention. Such weakness is specifically monitored to ensure that the quality of the asset does not further deteriorate;

- Traded credit risk: the Issuer has internally designed and implemented the methodology to estimate the potential future exposure (the "PFE") associated with FX, interest rate and commodity over-the-counter derivatives. The PFEs are used by the Issuer to set the risk limit as well as to monitor counterparty exposure on daily basis; and
- Collateral management: the Issuer has adopted a rigorous system of controls, reviews and approvals to ensure effective collateral management. This includes a minimum loan to value ratio requirement for each facility, specific collateral requirements for lending against shares and for loans in the real estate portfolio, margin calls for treasury products and ensuring legal enforceability of contracts including perfection of security interests.

On 11 November 2013, the UAE Central Bank published the Large Exposure Notice amending certain of the large exposure limits set out above. The Large Exposure Notice was published in the Official Gazette on 30 December 2013 and entered into force on 30 January 2014. The Large Exposure Notice introduced new limits of 100 per cent. of the bank's capital base for all lending to UAE local governments and their non-commercial entities, together with a 25 per cent. limit to any single such non-commercial entity. Exposures above these limits are subject to approval by the UAE Central Bank. Set out below is a table showing a summary of the changes introduced by the Large Exposure Notice (defined as a percentage of the bank's capital base calculated under Basel II):

	<u>Individual</u>	<u>New Limit Aggregate</u>	<u>Old Limit Individual</u>	<u>Aggregate</u>
UAE federal government and their non-commercial entities.....	Exempt No cap for UAE local government; 25% for each non-commercial entity	Exempt	Exempt	Exempt
UAE local government and their non-commercial entities UAE local government and their.....	25%	100%	Exempt	Exempt
Commercial entities of UAE federal government and UAE local government	25% max	None	7%	None
Commercial or other (non-commercial) private sector entities and individuals.....	20%	50%	7%	None
Shareholders who own 5 per cent. or more of the bank's capital and related entities	10%	25%	20%	60%
Exposure to bank's subsidiaries and affiliates	5%	25%	5%	25%
Board members.....				

Counterparty Credit Risk for Derivative Transactions

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive market value of instruments that are favourable to the Issuer. The positive market value is also referred to as the "replacement cost" since it is an estimate of what it would cost to replace transactions at prevailing market rates if a counterparty defaults. Derivatives are used by the Issuer to help manage its balance sheet risks in an efficient manner and is also offered to the Issuer's clients with back-to-back transactions executed with other financial institutions. The majority of the Issuer's derivative contracts are entered into with other FIs who enjoy investment grade credit ratings from the main credit rating agencies.

Interest Rate Risk

By the nature of its business, the Issuer is exposed to interest rate risk which primarily arises from interest bearing financial instruments and reflects the possibility that changes in interest rates will adversely affect the value of the Issuer's financial instruments and related income. The Issuer is exposed to this risk both in its trading book and banking book.

All business units are directed to transfer Interest Rate Risk to the GM unit and to the Group Treasury function. Interest rate risk in the Issuer's trading portfolio is managed by the GM unit and within the limits approved by the Risk Management Committee. Interest rate risk generated by the Issuer's banking portfolio is managed by the Group Treasury function within the limits approved by the Risk Management Committee. GM and Group Treasury manage this risk principally through monitoring interest sensitivities created by the asset and liability mismatches along various parts of the interest rate curve.

A substantial portion of the Issuer's assets and liabilities are re-priced within one year. Accordingly, the Issuer's exposure to interest rate risk is limited. The GM risk team conducts assessment of the interest rate risk exposure by measuring the impact of likely changes in interest rate movements.

Operational Risk Management

This is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, and systems and from external factors other than credit, market and liquidity risks. This includes legal and regulatory requirements and generally accepted standards of corporate behaviour but excludes strategic and reputational aspects. However, reputational risk is addressed via various operational risk management tools.

The Board has oversight responsibilities for operational risk management in the Group. These responsibilities are exercised through the GRC with an established framework of policies and procedures to identify, assess, monitor, control, manage and report risks. The GRC employs clear internal policies and procedures to reduce the likelihood of any operational risk related losses and to minimise the consequent impact. These measures include a unique and effective process of assessing associated risks and approving residual risks of new and/or significant change initiatives within the Group and an "Internal Loss Data Collection Process" which the Issuer uses to capture operational risk events or incidents. The Internal Loss Data collected is reconciled with the General Ledger (the internal accounting records of the Issuer's finance team).

The Issuer has in place an effective operational risk management framework with a defined operational risk management cycle that comprises four major stages: (i) risk identification; (ii) risk assessment and measurement; (iii) risk control; and (iv) risk monitoring and reporting. The operational risk cycle is achieved through the use of one or more tools. The Group operational risk management framework seeks to embed operational risk management elements into its day-to-day activities and processes, through a strategic adoption of operational risk management tools across all business units.

Day-to-day management of operational risk is conducted by the management of the respective business unit in compliance with the operational risk framework established at the Group level. In accordance with the Group level operational risk management policies, the relevant business units are required to conduct periodic risk assessments, report operational losses on a periodic basis, adopt a monitoring framework and effect suitable mitigating measures for operational risk in their units. Operational risk management coordinators have been designated for all business units, overseas branches and subsidiaries, who act as the primary source for facilitating operational risk management within their respective areas of responsibility. The individual business lines in the Group are responsible for ensuring compliance with the different regulations of the various local and overseas regulators under which the Group operates and are assisted in the fulfilment of their responsibilities by the Legal and Compliance Division in the UAE.

The primary responsibility to ensure compliance with policies and procedures resides with the respective business lines and is supported by periodic reviews undertaken by GIA. The results of these reviews are discussed with the management of the relevant business unit to which they relate, with summaries submitted to the Audit Committee and the senior management of the Issuer.

Basel II

The Issuer's capital adequacy ratio was 18.09 per cent. as at 31 December 2016, 16.74 per cent. as at 31 December 2015 and 16.39 per cent. as at 31 December 2014, thus complying with the current minimum regulatory requirements of 12 per cent. as per the Basel II capital adequacy guidelines as stipulated by the UAE Central Bank.

Basel III

The Issuer tracks compliance with the UAE Central Bank's two liquidity ratios (the Eligible Liquid Asset Ratio (the "ELAR") and the Advances to Stable Resources Ratio) and remains compliant as at 31 December 2016. The Issuer also monitors its compliance with the main Basel III liquidity guidelines (including the Liquidity Coverage Ratio (the "LCR") and the Net Stable Funding Ratio).

Credit Approval Procedures

The Issuer's credit approval process follows a tiered approach with approvals for small retail credits being undertaken at the branch and regional levels. Larger credits are referred upwards through to the risk group headed by the Group Chief Risk Officer. The Issuer has established a risk based discretionary power for approving single Group exposures. This discretionary power is linked to internal risk ratings which ensure that sanctioning decisions on lower rated transactions undergo more stringent credit reviews, and are submitted to higher approval authorities.

Retail lending business is governed by product programmes vetted by the Risk Group and employs credit scoring techniques to process small scale, large volume credit decisions. The scores are combined with management judgments to ensure an effective on-going process of approval and review. The majority of the retail credit origination process has been automated which significantly reduces operational risk arising out of the credit approval and monitoring process.

Non-Performing Loans

Non-performing loans ("NPLs") decreased from AED 5,847 million as at 31 December 2015 to AED 5,592 million as at 31 December 2016 (excluding suspended interest). NPLs have decreased by AED 255 million in absolute terms between 31 December 2015 and 31 December 2016. NPLs as a percentage to gross loans decreased from 2.76 per cent. to 2.70 per cent. The Issuer's NPLs are well covered with a provision coverage (including collective impairment allowances) of 114.63 per cent. as at 31 December 2016. The decrease in NPLs is a reflection of the improvement in the credit cycle in the UAE as well as write-offs. Private sector credit exposures primarily to major business groups in the UAE and to infrastructure and real estate projects that are currently underway. NPLs (excluding impaired government and public sector loans) to gross loans (excluding all public sector and government loans) other than government and public sector loans were 3.86 per cent. as at 31 December 2016, 3.64 per cent. as at 31 December 2015 and 4.51 per cent. as at 31 December 2014, respectively.

The 20 largest NPL exposures comprised 54.10 per cent. of NPLs as at 31 December 2016 and 64.8 per cent. of NPLs as at 31 December 2015 (net of IIS). Restructured loans amounted to AED 3.23 billion as at 31 December 2016 and 2.67 billion. as at 31 December 2015, respectively.

The following tables provide a breakdown of NPLs as a percentage of gross loans made and the loan-loss reserves and charges made to NPLs and gross loans, respectively, each as at 31 December 2016, 31 December 2015 and 31 December 2014, respectively, and the movement in NPLs for the years ended 31 December 2016, 31 December 2015 and 31 December 2014, respectively:

	As at 31		
	December 2016	December 2015	December 2014
		<i>(audited)</i>	
		<i>(Percentage)</i>	
NPLs/gross loans	2.70	2.76	3.07
NPLs (excluding impaired government and public sector loans)/gross loans (excluding all public sector and government loans).....	3.86	3.64	4.51
Loan-loss reserves/NPLs.....	114.63	104.76	108.24
Impairment charges (net)/Average gross loans (Excluding IIS)	0.57	0.44	0.43

	Movement in NPLs for the period ended		
	31 December 2016	31 December 2015	31 December 2014
		<i>(audited)</i>	
		<i>(AED million)</i>	
Gross NPLs at the beginning of the year.....	6,883	6,160	6,013
Less net reductions.....	3,356	224	388
Add net additions	3,221	1,293	547
Gross NPLs at the end of the period.....	6,748	1,203	1,082
Less Interest in suspense.....	1,156	5,846	6,160

Please note that all figures and ratios in the above section on non-performing loans with respect to NPLs and gross loans exclude interest suspended.

Related Party Exposure

Financial assets to related parties amounted to 153 per cent. of total equity as at 31 December 2016 and 155 per cent. as at 31 December 2015. Related party financial liabilities were lower by AED 5 billion than related party financial assets at 31 December 2016.

INFORMATION TECHNOLOGY

The Issuer's Information Technology ("**IT**") department delivers an effective, efficient and sustainable management of information assets and technology.

The Issuer's IT department is focused on utilising advanced IT systems to serve the Issuer's customers and ensure that customers' data is well protected and secured against unauthorised access. To improve responsiveness to the needs of the business, the IT department is organised into six main units, namely: (i) IT Strategy, Governance and Control; (ii) IT Business Services and International; (iii) IT Infrastructure Services; (iv) IT Business Applications Support Services; (v) IT Solution Design; and (vi) IT Solution Delivery.

The Issuer has implemented new business systems to offer enhanced services to the Issuer's customers and eliminate geographical barriers. These new browser-based and mobile-based systems offer hardware independence, eliminates downtime during end-of-day processing and supports the latest automatic failover and clustering technologies. Moreover, the systems use open technologies that are more resilient against technology obsolescence. In addition, the Issuer is continually enhancing and renewing existing applications, and implementing new systems to improve the Issuer's ability to leverage its information assets to better serve its customers.

GROUP SECURITY

To ensure the Issuer is protected against threats to the security of its data, physical information and assets, a new, independent Group Security Office ("**GSO**") has been established to create an end-to-end security program for the Issuer. The GSO is responsible for developing, implementing and managing the Group Security strategy, and ensures proper planning, clear accountability and alignment for Issuer-wide security initiatives including security governance and control. In addition to liaising with Information Technology, Group Compliance, Group Internal Audit and Risk Management functions for all security related matters, the GSO will also be accountable and responsible for conducting security awareness training and continuously strengthening all aspects of the Issuer's security posture, including digital and physical security, as follows:

- Digital Security (Information and Cyber) covers all aspects of security related to the unauthorised access, use, disclosure, disruption, modification, perusal, inspection, recording and destruction of information.
- Physical Security covers the protection of the Issuer's employees and assets from physical circumstances and events that could cause serious loss or damage to the Issuer. This includes (but is not limited to) protection from fire, natural disasters, burglary, theft, vandalism, and other physical security related threats.

GROUP INTERNAL AUDIT

GIA acts as the 'third line of defence' for the Group enterprise responsible for providing the Board and the senior management of the Bank with an independent opinion on the effectiveness of corporate governance, risk management and internal control arrangements of the Group. This includes, *inter alia*:

- confirming business activities are aligned to the Group's strategy and business plans;
- confirming the Group is conducting business in accordance with all applicable regulatory requirements and the Issuer's own policies and procedures;

- reviewing the information systems used by the Issuer to ensure that they comply with regulatory requirements and meet industry standards; and
- conducting audit assignments across the Group enterprise including all overseas branches and subsidiary companies, with access to all critical outsource service providers.

GIA currently employs 62 staff and comprises the following sub-units:

- Group Retail and Wealth Banking Audit, which is primarily responsible for the audit of these business lines across the Group including Retail Islamic Finance and the supporting infrastructure;
- Group Wholesale & Commercial Banking Audit, which is responsible for the audit of these business lines across the Group including supporting infrastructure;
- Group Technology, Operations and Shared Services Audit, which is responsible for the audit of the Technology, Operations and Strategic Projects activities across the Group, either on a standalone basis or in support of the business audit teams above;
- Group Enablement Audit, which is primarily responsible for the audit of the Finance, Risk Management, Human Resources and Group Legal and Compliance functions, either on a standalone basis or in support of business audits; and
- Group Corporate Governance Audit, which is primarily responsible for the audit of corporate governance activities across the group including Group and country governance arrangements.

Of the 64 budgeted full-time employees, GIA employs 14 resident internal auditors in jurisdictions where a local regulator requires a local audit presence. GIA staff in the respective geographical locations report to a regional head of audit (MENA, Europe, America and Asia), who in turn reports to the Head of Audit Corporate Governance.

Where appropriate GIA works with outsourced audit service providers.

In order to ensure independence and objectivity, the Group Chief Audit Officer reports to the Board Audit Committee. GIA has unrestricted access to all of the Group's records, premises and staff including outsourced suppliers through contractual arrangements.

GROUP LEGAL AND COMPLIANCE DIVISION

The Issuer's legal and compliance functions are contained within a single division (the "**Legal and Compliance Division**") in order to provide a single point of contact on all legal and compliance matters for senior management and employees whilst retaining separate legal and compliance teams within the Legal and Compliance Division to facilitate day to day legal and compliance work.

DIRECTORS, MANAGEMENT AND EMPLOYEES

Administrative, management and supervisory bodies

The members of the Board and general management of the Issuer and their functions within the Group and the principal activities of the directors and members of general management outside the Group are as follows:

Name	Citizenship	Principal Activities outside the Group
H.E. Nasser Ahmed Alsowaidi Chairman (Date of birth: 1 January 1961)	UAE	<ul style="list-style-type: none"> • Chairman – Etihad Rail Company • Board Member – Mubadala Development Company P.J.S.C. • Board Member – International Petroleum Investment Company

Name	Citizenship	Principal Activities outside the Group P.J.S.C.
H.E Sultan Nasser Al Suwaidi Board Member (Date of birth: 26 June 1953)	UAE	<ul style="list-style-type: none"> • Former UAE Central Bank Governor
Sheikh Ahmed Bin Mohammed Sultan Al Dhaheri Board Member (Date of birth: 3 May 1971)	UAE	<ul style="list-style-type: none"> • Member of Abu Dhabi National Consultative Council • Board Member – Etisalat • Deputy Chairman – National Hotels Company • Deputy Chairman – Abu Dhabi Aviation
Sheikh Mohammed Bin Saif Bin Mohammed Al Nahyan Board Member (Date of birth: 19 October 1978)	UAE	<ul style="list-style-type: none"> • Chairman – Abu Dhabi National Insurance Company
H.E Hareb Masood Al Darmaki Board Member (Date of birth: 12 January 1948)		<ul style="list-style-type: none"> • Executive Director of the Private Equities department at the Abu Dhabi Investment Authority ("ADIA") • Chairman – Gulf Capital • Chairman, Investment Committee - AXA Green Crescent Insurance Company • Chairman, Investment Committee - The Zayed Bin Sultan Al Nahyan Charitable & Humanitarian Foundation • Vice Chairman – ADIA Investment Committee • Member – ADIA Strategy Committee • Board Member – AXA Green Crescent Insurance Company
H.E. Sultan Bin Rashed Al Dhaheri Board Member (Date of birth: 31 December 1932)	UAE	<ul style="list-style-type: none"> • Board Member – Abu Dhabi National Insurance Company • Member – Federal National Council of the UAE
Mr. Khalifa Sultan Al Suwaidi Board Member (Date of birth: 11 April 1974)	UAE	<ul style="list-style-type: none"> • Executive Director – Direct Investment Department, Abu Dhabi Investment Council • Board Member – Union National

Name	Citizenship	Principal Activities outside the Group
Mr. Hashim Fawwaz Al Kudsi Board Member (Date of birth: 13 January 1967)	UAE	Bank <ul style="list-style-type: none"> • Board Member – Abu Dhabi National Insurance Company
Mr. David Beau Board Member (Date of birth: 9 July 1970)	French	<ul style="list-style-type: none"> • Executive Director, Active Investment Strategies – Abu Dhabi Investment Council • Board Member – Al Wathba Company for Central Services
Mr. Matar Hamdan Al Ameri Board Member (Date of birth: 7 February 1967)	UAE	<ul style="list-style-type: none"> • Chief Investment Officer – Abu Dhabi Investment Council • Investment Committee member – Abu Dhabi National Insurance Company • Board Member – Abu Dhabi Investment Company
Ms. Mariam Saeed Ghobash Board Member (Date of birth: 16 November 1983)	UAE	<ul style="list-style-type: none"> • Board Member – National Drilling Company • Board Member – Abu Dhabi National Tanker Company • Finance Director – Abu Dhabi National Oil Company ("ADNOC") • Board Member – Excel London (subsidiary of ADNEC) • Manager of Finance and Control Abu Dhabi Onshore Oil Operating Company
Ms. Mariam Saeed Ghobash Board Member (Date of birth: 16 November 1983)	UAE	<ul style="list-style-type: none"> • Senior investment professional in the Direct Investments Department at Abu Dhabi Investment Council • Board Member - Emirates Development Bank • Board Member - Abu Dhabi Investment Company

The business address of each of the directors is National Bank of Abu Dhabi, P.O. Box 4, Abu Dhabi, United Arab Emirates. None of the directors have any actual or potential conflict between their duties to the Issuer and their private interests and other duties.

General Management

Acting Group Chief Executive Officer

Abhijit Choudhury (date of birth: 4 February 1955)

Mr. Choudhury joined the Issuer as the Chief Risk Officer in December 2006. Mr. Choudhury started his banking career with ANZ Grindlays Bank in India. During his thirty eight years of banking experience, the last 17 of which were with the Arab Banking Corporation in Bahrain, he has served in various fields of banking, concentrating in the latter years on the progress and growth of the Risk Control function associated with different business segments in banking. In recent years, Mr. Choudhury has been an active contributor to Risk Management initiatives in the region, sponsored by regional bodies such as UAE Central Banks, the Union of Arab Banks and the International Institute of Finance (the "IIF"). He currently serves as a member of the IIF's Steering Committee on Regulatory Capital.

Mr. Choudhury was also a Senior Managing Director and Group Chief Risk Officer of the Issuer, and was vested with oversight responsibilities for both deal adjudication relating to all segments of a bank's business, as well as the independent risk management of the diverse risks arising from the Issuer's general activities. Mr. Choudhury stepped-down from his role as Senior Managing Director and Group Chief Risk Officer following his appointment to acting Group Chief Executive Officer. Mr. Choudhury holds a Masters Degree in Economics from the Jawaharlal Nehru University, New Delhi, India.

Mr. Choudhury was appointed acting Group Chief Executive Officer on 15 August 2016 after the former Group Chief Executive Officer, Alex Thursby, stepped-down with immediate effect on the same date.

Group Chief Operating Officer

Khalaf Al Dhaheri (date of birth: 6 November 1974)

Mr. Al Dhaheri joined the Issuer in 1997. Mr. Al Dhaheri initially held various positions in the Issuer prior to being appointed secretary to the Risk Management Committee in April 2003. He was appointed Deputy General Manager and Group Chief Risk Officer in June 2006 and General Manager and Group Chief Risk Officer in August 2009. In July 2012, he was promoted to his current role of Group Chief Operating Officer.

In his current position, Mr. Al Dhaheri supervises a range of functions such as operations, IT, enterprise projects and architecture, and Group general services which include procurement, administration and property management.

Mr. Al Dhaheri also serves as Deputy Chairman of ADNIF, Chairman of Massar Solutions PJSC, and as a Board member of Masraf Al Rayan, and Drake & Scull. He also serves as a board member of the Emirates Institution of Banking and Financial studies.

Mr. Al Dhaheri graduated from the UAE University with a B.Sc Degree in Accounting and has earned an MBA from Zayed University. He is a Certified Public Accountant (California State Board of Accountancy). He is also certified by the Advanced Management Programme of Ashridge, Hertfordshire, United Kingdom, 2006.

Managing Director

Mr. Khalifa Sultan Al Suwaidi (Date of birth: 11 April 1974)

Mr. Khalifa Sultan Al Suwaidi is an Executive Director at the Direct Investment Department of ADIC and a board member of Union National Bank and Abu Dhabi National Insurance Company. Prior to this, he was the Deputy Director of the External Funds (Americas) Department at ADIA. Mr. Al Suwaidi holds a degree in Business Administration (Finance) and MSC in Finance from Seattle University, USA and is a Chartered Financial Analyst.

Mr. Khalifa Sultan Al Suwaidi was appointed Managing Director, following an announcement by the Issuer on 15 August 2016. Mr. Khalifa Sultan Al Suwaidi is also a non-executive member of the Board, being a member since 19 March 2006.

Acting Group Chief Risk Officer

George Yazbek (date of birth: 31 May 1958)

Mr. George Yazbek joined NBAD in 2010 and has, since January 2013, occupied the position of Group Chief Credit Officer. As of August 2016, he also occupies the position of acting Group Chief Risk Officer.

Mr. Yazbek has 35 years of experience in the banking sector. His career includes 15 years of experience in Canada, during which he occupied several positions in credit and risk management with the Canada Deposit Insurance Corporation and The Bank of Scotia. More recently, and prior to joining NBAD, he was Head of Corporate Credit for Al Khalij Commercial Bank in Qatar.

Mr. Yazbek's current responsibilities include oversight of the credit portfolio, market risk and operational risk of NBAD's Wholesale Banking and International Businesses. He is also Secretary of the Board of Directors' Risk Management Committee.

Mr. Yazbek has a degree of Master of Business Administration from the American University of Beirut and holds the Certified General Accountant designation from Ontario.

Group Chief Financial Officer

James Burdett (date of birth: 31 May 1968)

Mr. Burdett became the Group Chief Financial Officer of the Issuer on 30 April 2014, joining from ANZ where he was Chief Financial Officer for international and institutional banking. Prior to his role at ANZ, Mr. Burdett was Chief Financial Officer at ANZ for the Asia-Pacific, Europe and Americas regions. Mr. Burdett also spent ten years at HSBC, initially serving as Chief Financial Officer for various regional operations positions before undertaking the role of group Head of Management Information, Planning and Analysis and a member of the Finance Management board chaired by the HSBC group Chief Financial Officer. In his role as Group Chief Financial Officer, Mr. Burdett has responsibility for the Group's finance, strategy, treasury and investor relations functions. Mr. Burdett also has executive oversight of the Group Marketing and Corporate Communication and Group Human Resources functions.

Mr. Burdett has worked for a number of international banks in Hong Kong, Australia, England, Singapore, China and Indonesia. Mr. Burdett is a Chartered Accountant and studied Accounting and Finance at the Auckland Institute of Technology.

Senior Managing Director and Group Chief Audit Officer

Malcolm Walker (date of birth: 17 November 1959)

Mr. Walker joined the Issuer in 2010. Prior to joining the Issuer, Mr. Walker worked for Standard Chartered Bank for 20 years, spending 15 years in the bank's Audit and Investigations function and most recently serving as Chief Operating Officer and Managing Director. Mr. Walker holds an MBA from Henley Management College as well as a Master of Science and a Bachelor of Laws degree.

Senior Managing Director and Group General Counsel – Legal and Compliance Division

Samer Abdelhaq (date of birth: 9 August 1975)

Mr. Abdelhaq joined the Issuer in June 2008 as Deputy General Counsel, and subsequently was appointed as General Counsel and Head of the Legal Department in January 2010. He holds an LLB from the University of Jordan, an LLM in International Banking and Finance Law from Boston University and a post graduate diploma in law from Nottingham Trent University. Prior to joining the Issuer, Mr. Abdelhaq practised banking and finance law with Allen & Overy LLP and Simmons & Simmons. Mr. Abdelhaq is a member of the Law Society of England & Wales.

In April 2012 Mr. Abdelhaq was appointed Group Board Secretary and Head of Corporate Governance to the Issuer. Mr. Abdelhaq is also responsible for the Group Compliance function.

Senior Managing Director and co-Head of GWB

Akram-Mark Yassin (date of birth: 12 January 1955)

Mr. Yassin joined the Issuer in May 2008 as the Senior General Manager of the former Corporate & Investment Banking division. Prior to joining the Issuer, Mr. Yassin held senior and executive positions in a number of international banks, consulting firms and regional banks with a career which has spanned over more than 24 years covering assignments in Bahrain, the Kingdom of Saudi Arabia, Canada and the United States and predominantly covering corporate finance, global project and structured finance, financial and strategic advisory, infrastructure and project debt advisory/debt arranging, syndications, trade finance, private equity and corporate banking. Additionally, Mr. Yassin also has five years of experience in the field of engineering and project management. Prior to joining the Issuer, Mr. Yassin's last position was as the Global Head of Corporate Finance in Arab Bank. Since January 2013, Mr. Yassin has been entrusted to head the Issuer's GB function in addition to his responsibility as Co-Head of GWB. Mr. Yassin has also contributed and written several articles in various publications including Euromoney Yearbook, Project Finance International, Middle East Economic Digest and Emerging Markets Investors. Mr. Yassin holds a Masters Degree in Business Administration from Southern Methodist University in Dallas, Texas and a Masters Degree in Engineering from the University of Surrey in the United Kingdom.

Senior Managing Director and co-Head of GWB

Mahmood Al Aradi (date of birth: 22 May 1959)

Mr. Al Aradi is the Senior Managing Director and head of the Issuer's GM division, a role that he has held since joining the Issuer in May 2007. In April 2014, Mr. Al Aradi was appointed Co-Head of the GWB division, in addition to his role as Senior Managing Director of the Issuer's GM division. Prior to joining the Issuer, Mr. Al Aradi held senior and executive positions in a number of international and regional banks with a career which has spanned more than 27 years covering assignments in Bahrain, Kuwait, Singapore, New York, and London. Immediately prior to joining the Issuer he was the Head of Treasury of the Gulf Investment Corporation in Kuwait from 2004. Mr. Al Aradi graduated from the Gulf Technical College in Bahrain and attended the Executive Program at the Darden Business School of the University of Virginia.

Senior Managing Director and Chief Executive Officer – Gulf & International Division, GWB

Rüdiger von Wedel (date of birth: 16 December 1967)

Mr. von Wedel joined the Issuer in June 2010 as the Senior General Manager of the Global Wealth division. Mr. von Wedel has more than two decades of experience in private and wholesale banking. Before joining the Issuer, he worked at ABN AMRO, where in his last position he was the chief executive of the bank's global private banking business managing a significant portfolio of assets. On 1 January 2017, Mr. von Wedel was assigned the role of Senior Managing Director and Chief Executive Officer – Gulf & international Division.

Mr. von Wedel worked for ABN AMRO for more than 18 years, where he served the bank in several different capacities, including executive roles in investment and corporate banking as well as heading the group's central strategy and performance management department. He worked for ABN AMRO in Austria, Germany, France, the Netherlands and the UK. Mr. von Wedel holds an MBA from the European Institute of Business Administration and a bachelor's degree in economics from London School of Economics.

In addition, the following persons are also members of the Group's general management:

- *Rola Abu Manneh* - Senior Managing Director, Head of Client Relationships and UAE Government and key Abu Dhabi based clients; and
- *Suvrat Saigal* - Managing Director and Head of Global Retail Banking.

Committees

The Issuer's management system is structured around a collaborative approach, with an emphasis on empowerment. Committees are formed at two levels, as detailed below, to ensure that adequate checks and balances are in place for the effective and efficient running of the Issuer's business:

Group Board Level

1. Risk Management Committee
2. Audit Committee
3. Corporate Governance and Nominations Committee
4. Human Resources Committee
5. Strategy and Transformation Committee

Group Executive Management Level

1. Executive Committee
2. Assets and Liabilities Committee
3. Operations, Technology and Projects Committee
4. Group Risk Committee

A brief description of the Issuer's committees is set out below:

<u>Committee</u>		<u>Chairman/Members</u>	<u>Function</u>
Group Board Level Committees			
Risk Management Committee	Chairman	H.E. Sultan Nasser Al Suwaidi	The main objective of the Risk Management Committee is to advise the Board on risk appetite and tolerance. In preparing this advice to the Board, the Committee shall satisfy itself that the risk appetite is aligned to the Group's strategy and takes into account the current and prospective macroeconomic and financial environment. The Committee shall approve the methodology, measures, targets, and tolerances associated with the risk appetite, along with stress test results, if any.
	Members	H.E. Hareb Masood Al Darmaki	
		H.E. Sultan Bin Rashed Al Dhaheri	
		Sheikh Mohammed Bin Saif Bin Mohammed Al Nahyan	
		Mr. Hashim Fawwaz Al Kudsi	
	Sheikh Ahmed Bin Mohammed Sultan Al Dhaheri		
Audit Committee	Chairman	Mr. Matar Hamdan Al Ameri	The Audit Committee reports directly to the Board.
	Members	Ms. Mariam Saeed Ghobash	The Audit Committee is responsible for establishing adequate formal and transparent disclosure arrangements for the fair and full presentation of the financial affairs of the Group, the adequacy and effectiveness of internal controls and maintaining
		Mr. Khalifa Sultan Al Suwaidi	
	Mr. David Beau		

Committee	Chairman/Members	Function	
Corporate Governance and Nominations Committee	Chairman and Members	<p data-bbox="636 936 975 994">H.E Hareb Masood Al Darmaki</p> <p data-bbox="636 1021 948 1050">Ms. Mariam Saeed Ghobash</p> <p data-bbox="636 1077 970 1106">Mr. Khalifa Sultan Al Suwaidi</p> <p data-bbox="636 1133 930 1162">Hashem Fawwaz Al Kudsi</p>	<p data-bbox="999 241 1370 300">an appropriate relationship with the Issuer's external auditors.</p> <p data-bbox="999 331 1370 573">The Audit Committee is authorised by the Board to review any activity within the business, to seek any information it requires from, and require attendance at any of its meetings of, any officer, or member of staff.</p> <p data-bbox="999 604 1370 904">All employees are required to co-operate with any request made by the Audit Committee. The Audit Committee is authorised by the Board to obtain, at the Issuer's expense, outside legal or other independent professional advice with relevant experience and expertise as it considers necessary from time to time.</p> <p data-bbox="999 936 1370 1178">The main objectives of the Corporate Governance and Nominations Committee are to review and assess the adequacy of NBAD's Corporate Governance policies, practices and organisation charts and related material.</p> <p data-bbox="999 1209 1370 1326">Specifically, the Corporate Governance and Nominations Committee has responsibility for the following:</p> <ul data-bbox="999 1357 1370 1989" style="list-style-type: none"> <li data-bbox="999 1357 1370 1568">• Review and assess the Board's policies and practices to ensure the Board's effectiveness and recommend any proposed changes for the Board's approval. <li data-bbox="999 1599 1370 1751">• Review the Issuer's business practices, particularly as they relate to preserving the good reputation of the Bank. <li data-bbox="999 1783 1370 1989">• Review the appropriateness of the size of the Board relative to its various responsibilities and make recommendations to the Board.

<u>Committee</u>		<u>Chairman/Members</u>	<u>Function</u>
			<ul style="list-style-type: none"> • Develop appropriate criteria regarding the independence of the directors and nominees for the Board's Committees and make recommendations to the Board. • Make recommendations to the Board to name a Secretary to the Board, and suggest formation of Committees, their charters, duties and responsibilities, nominating their chairpersons, members and secretaries. • Review the adequacy of the charters adopted by each committee of the Board, and recommend changes as necessary. • Name members of the Board and managers of NBAD's subsidiaries, specifying their allowances. • Annually review the remuneration of the Board members and the attendance fees of the Committee members and make recommendations to the Board.
Human Resources Committee	Chairman Members	<p>Sheikh Mohammed Bin Saif Bin Mohammed Al Nahyan</p> <p>Mr. Matar Hamdan Al Ameri</p> <p>H.E. Mohamed Omar Abdulla</p> <p>Mr. Khalifa Sultan Al Suweidi</p> <p>Mr. David Beau</p> <p>Ms. Mariam Saeed Ghobash</p>	<p>The Human Resources Committee is mandated by the Board to determine the high level policy for succession planning at the Issuer. The Human Resources Committee has the following specific functions:</p> <ul style="list-style-type: none"> • approve the appointment, promotion, remuneration, retirement and dismissal of senior managers; • oversee the development and implementation of the Issuer's Emiratisation strategy and consider setting specific targets in

<u>Committee</u>	<u>Chairman/Members</u>	<u>Function</u>
		<p>terms of numbers, grades and gender in fulfilment of this objective;</p> <ul style="list-style-type: none"> • high level succession planning; • review of Senior Management performance against key performance indicators; and • headcount budgets and HR related expenditure above delegated authorities.
Strategy and Transformation Committee	Chairman Members Sheikh Mohammed Bin Saif Bin Mohammed Al Nahyan H.E Sultan Nasser Al Suwaidi Mr. Khalifa Sultan Al Suweidi H.E Hareb Masood Al Darmaki	<p>The Strategy and Transformation Committee is responsible for assisting the Issuer's Board in fulfilling its strategic plan. The Strategy and Transformation Committee has the following specific functions:</p> <ul style="list-style-type: none"> • assist the Board in relation to the implementation of the Issuer's strategy; • the Issuer's expansion and acquisition strategy including identifying potential acquisitions; and • review and evaluate major unbudgeted expenditure, external developments and factors.
<i>Group Executive Management Level Committees</i>		
Executive Committee	Chairman Members Abhijit Choudhury George Yazbek Mahmood Al Aradi Akram-Mark Yassin Khalaf Al Dhaheri Rüdiger von Wedel	<p>The Executive Committee of NBAD ("EXCO") is responsible for directing the Group towards the achievement of the Issuer's overall strategic vision. To this end, EXCO ensures NBAD's strategic leadership, financial soundness, governance, management supervision and control.</p> <p>In addition to individual</p>

<u>Committee</u>	<u>Chairman/Members</u>	<u>Function</u>
	Samer Abdelhaq Malcolm Walker James Burdett Omar Al Shamsi	functional responsibilities, each member of EXCO has collective responsibility for the performance of the Group. This requires each EXCO member to have a deep understanding of how the Group operates and to undertake a leadership role, driving proactive management and engagement of stakeholders and staff both in the UAE and internationally where appropriate.
Assets and Liabilities Committee	Chairman James Burdett Deputy Chairman Abhijit Choudhury Members George Yazbek Mahmood Al Aradi Stephen Jordan Akram-Mark Yassin Suvrat Saigal Rüdiger von Wedel Permanent Invitees Malcolm Walker Hussam Arabiat Michael Bencsik Sheikh Mohammed Bin Saif Bin Mohammed Al Nahyan Azzam Anani Ahmed Al Naqbi Omar Al Shamsi Secretary Martyn Hoccom	The Assets and Liabilities Committee ("ALCO") has responsibility for the following functions: <ul style="list-style-type: none"> review and recommend to the Board's Risk Management Committee the Group's Liquidity, Contingent Funding, Funding Strategy and capital management policy in addition to the risk framework around the Group's balance sheet positions (including capital, liquidity, total size of the debt platform and total Group portfolio limit); review Group Treasury proposals on market risk limits (which are reviewed in turn by the Risk Management Committee and the Group Risk Committee); ensure adequate risk management systems around the Group's balance sheet positions and approve all methodologies, behavioural assumptions and reporting formats;

Committee	Chairman/Members	Function
		<ul style="list-style-type: none"> • ensure that all policy and limit documents in relation to liquidity and market risk are aligned to the Risk Management Committee defined risk appetite and the Group's strategic objectives; • govern all regulatory capital and liquidity issues and interact and provide guidance / recommendations to the UAE Central Bank or other UAE Central Banks; • review and approve Group Treasury macro hedging strategies and manage the allocation of capital and liquidity; • monitor the rolling performance of the Group / relevant Division / relevant jurisdiction against budget and against competitor performance and also measure the impact (current and projected) on profitability by factors; • manage the Group liquidity, funding and capital position under current, projected and stressed scenarios and address potential threats; • review and approve the annual debt issuance plan submitted by Group Treasury; • review all limit breaches and deal with these in a timely manner; and • ensure international branch/subsidiary ALCO's follow the Group level ALCO charter and address any issues arising in such

Committee		Chairman/Members	Function	
			compliance.	
Operations, Technology and Projects Committee	Chairman	Khalaf Al Dhaheri	The Operations, Technology and Project Committee have responsibility for the following functions:	
	Deputy Chairman	James Burdett		
	Members	Rüdiger von Wedel		
		Mahmood Al Aradi		
		George Yazbek		
		Mike Austin		
		Akram-Mark Yassin		
		Saher Arar		
		Abdulla Al Hosani		
	Rawhi Saffarini			
Observer	Malcolm Walker			
Secretary	Shadi Set-Abouha			
	Mohammad Hamza			
Group Risk Committee	Chairman	George Yazbek	The primary objectives of the Group Risk Committee are to define and develop the Group risk appetite statement, and recommend the same to the Risk Management Committee for approval. The Group Risk Committee has responsibility for approving the methodology, parameters, targets, and tolerances associated with the Group's risk appetite with the following specific functions:	
		Deputy Chairman		Abhijit Choudhury
		Suvrat Saigal		
	Members	Rüdiger von Wedel		
		Mahmood Al Aradi		
		Akram-Mark Yassin		
		James Burdett		
	Permanent Invitees	Malcolm Walker		
		George Yazbek		
		Antoine Sokhn		
Secretary				
			advising the Risk Management Committee on risk aspects of the Group's strategy and planning;	
			reviewing and approving and, as appropriate, recommending to the Risk Management Committee the Group's risk management	

<u>Committee</u>	<u>Chairman/Members</u>	<u>Function</u>
	Graeme Woods Narayanan Santhanam	policies, risk framework and risk management systems;
	Rohit Kumar	<ul style="list-style-type: none"> • overseeing and periodically evaluating the efficacy and quality of the credit approval process and the remedial function (specifically collections and recovery efforts) through reports generated by Group risk; and • advising the Risk Management Committee on anti-money laundering, compliance and regulatory risk matters.

The business address of each of the members of General Management and the various committees as described above is National Bank of Abu Dhabi, P.O. Box 4, Abu Dhabi, United Arab Emirates.

None of the members of General Management have any conflict or potential conflict between their duties to the Issuer and their private interests and other duties.

CORPORATE CITIZENSHIP

The Issuer considers citizenship to be the integrated management of economic, social and environmental performance, with the aim of enhancing value for all stakeholders. The Issuer seeks to understand and manage the impacts of its actions in terms of economic, social and environmental contributions to the development of Abu Dhabi, the UAE and wherever globally that it conducts its business. The Issuer considers that its commitment to being a responsible corporate citizen will help it to tackle the full scope of risks and opportunities which it faces and as a result, the Issuer expects to see greater engagement with all of its stakeholders, increased customer and employee satisfaction, greater innovation in products and services and greater shared value.

The Issuer's two citizenship flagship programmes take a strategic approach to address issues that have global significance, are regionally relevant and can be effectively addressed locally. From an environmental perspective the Issuer is taking a leading role in new energy solutions by exploring and understanding how the financial sector can help shape a more sustainable future. From a social and economic perspective, the Issuer has committed to supporting the growth of the UAE's SME sector as a powerful engine of wealth generation and sustainable livelihoods.

Some of the Issuer's achievements and initiatives that contribute to the citizenship strategy during the previous twelve months include:

- **Future of Energy report:** launching the research report "Financing the Future of Energy" which addresses opportunities for the Gulf region's financial services sector.
- **Equator Principles:** becoming a signatory to the "Equator Principles" in October 2015, being the first UAE bank to do so.

- **Sustainable business:** establishing a team within the Wholesale Banking Group to identify and drive funding towards renewable energy and energy efficiency projects. The Issuer has also committed to invest USD 10 billion over the next 10 years in sustainable finance.
- **SME skills building:** launching the NBAD SME Academy, which has allowed more than 500 SME executives in the UAE to attend free skills building workshops delivering essential skills training such as corporate governance, being bankable, basic accountancy, marketing and customer service;
- **Greenhouse gas reporting:** being the only bank in the Gulf region submitting annual greenhouse gas performance data to the Carbon Disclosure Project;
- **Sustainability reporting:** winning the Abu Dhabi Sustainability Group Leadership Awards "Best Sustainability Report" award.
- **S&P/Hawkamah Pan Arab ESG Index:** remaining in the top 10 of companies for the fifth consecutive year.

EMPLOYEES

As at 31 December 2016, the Issuer employed 5,266 employees.

The following table shows the geographical distribution of employees by location as at 31 December 2016:

Country	Number of Employees
United Arab Emirates	4,047
Egypt	578
Oman	169
United Kingdom	86
Sudan	72
Jordan	53
Switzerland	45
Malaysia	46
Kuwait	38
Hong Kong	43
United States of America	22
France	19
India	23
Bahrain	16
Brazil	4
China	2
Lebanon	3
Grand Total	5,266

The Issuer's overall human resources strategy is to attract, select and retain the highest quality of employees across all of its businesses.

CORPORATE GOVERNANCE

Pursuant to Ministerial Resolution No. 518 of 2009 Concerning Governance Rules and Corporate Discipline Standards, the SCA issued a governance code applicable to all joint stock companies, requiring compliance by April 2010. However, by way of an exemption issued by the Ministry of Economy, and notified to UAE banks and other financial institutions through a circular sent out by the Emirates Banks Association dated 8 March 2010, all UAE banks and other financial institutions subject to the UAE Central Bank control and licensing shall be exempted from the SCA's governance code. Consequently, the Issuer will be required to adhere to the UAE Central Bank's corporate governance guidelines, as may be issued from time to time. In June 2009, the UAE Central Bank issued revised draft corporate governance guidelines for UAE bank directors. The Issuer is already broadly in compliance with these requirements. The Issuer has established a Corporate Governance and Nominations Committee (see "Committees" above) to assist the Board in shaping and monitoring corporate governance policies and practices as well as to evaluate its compliance with existing policies in fulfilling their duties by shaping, monitoring and evaluating compliance with the Issuer's corporate governance policies and practices.

EMIRATISATION

The Issuer's "Emiratization" strategy is to attract the highest number of talented UAE Nationals to work for the Issuer and developing existing UAE national employees across different levels of the hierarchy and critical roles.

In 1999, UAE nationals comprised 12.1 per cent of the staff of the Issuer and as at 31 December 2016 this figure has increased to 30.8 per cent, being a total of 1,214 UAE nationals. The Issuer plans to continue to attract talented UAE nationals in line with the "Emiratization" strategy. The training, development and recruitment of UAE nationals for managerial positions is a major strategic objective for the Issuer.

UAE nationals with limited or no business experience, after having passed recruitment assessments, are placed in career roles in which they are allowed develop into more senior positions. Throughout the course of their employment, UAE nationals are also supported by banking related technical development programmes in addition to an education assistance scheme, enabling employees to continue pursuing their further education.

INSURANCE

The Issuer has various insurance policies in place, including a Banker's Blanket Bond Insurance Policy. The Issuer's Blanket Bond Insurance Policy covers, among other risks, loss of its property whilst on the Issuer's premises and whilst in transit; forgery of cheques, securities and other documents; and employee frauds, errors and negligence. The Issuer believes that these insurance policies provide it with comprehensive insurance coverage against the various risks to which the Issuer is exposed. The Issuer's insurance policies are reviewed and agreed by the Insurance Committee in consultation with an international insurance broker. The Issuer's Insurance Committee currently comprises eleven members representing various units within the Issuer and is chaired by the General Manager and Group Chief Compliance Officer.

NBAD'S SUSTAINABILITY POLICY

People, planet and profit are the central pillars of NBAD's sustainability strategy and are fundamental to NBAD's wider objectives to deliver long-term profitable growth to its shareholders. NBAD's sustainability objectives are aligned with the Government of Abu Dhabi's sustainability and economic plans. The Bank's sustainability policy sets out broad principles for taking a precautionary and responsible approach to operations and business.

NBAD has been publishing sustainability reports annually since 2009. The first four reports were aligned with the Global Reporting Initiative ("**GRI**") reporting guidelines at Level B. In 2013, NBAD started to use the GRI G4 guidelines in accordance with the "core" option.

Within its own operations and facilities, NBAD continues to monitor and measure its environmental impacts and continuously seeks ways to minimise electricity and water usage, fuel use and greenhouse gas emissions. In 2014, NBAD participated in a climate change pilot programme with the Carbon Disclosure Project ("**CDP**"), which required the Bank to disclose and submit data on its direct and indirect emissions. The Bank reported its carbon emissions data to CDP in 2015. Over the next few years, NBAD plans to conduct annual climate and carbon reporting as the next step in quantifying and strengthening its sustainability performance.

In 2015, NBAD became the first bank in the UAE to become a signatory to the "Equator Principles Association" and in so doing, confirmed its commitment to comply with an internationally-recognised social and environmental risk assessment framework. Through adoption of the "Equator Principles", NBAD will align its business practices with a voluntary set of guidelines based on International Finance Corporation standards on social and environmental sustainability, and on the World Bank Group's Environmental, Health and Safety general guidelines.

NBAD has identified renewable energy and the energy efficiency arena as a fundamental global issue with particular local relevance, given the escalation in energy demand across the Middle East, and has sponsored thought leadership research into the topic. In 2014, NBAD commissioned the University of Cambridge and PricewaterhouseCoopers to produce a research report entitled "Financing the Future of Energy" which identified the increasingly significant role of renewable energy in the future energy mix and ways in which the financial community could support the sector. An updated report was published in

March 2016 which broadly re-affirmed the findings of the 2015 edition and pointed towards the accelerating pace of development in renewables.

In response to the opportunities set out in the "Financing the Future of Energy" report, NBAD established a Sustainable Business practice to bridge between NBAD's product and coverage teams to promote socially and environmentally sound banking practices.

NBAD's Green Bond Framework

From time to time, NBAD intends to issue securities whose net proceeds would be used to fund or refinance, in whole or in part, eligible projects within eligible categories set out in NBAD's Green Bond Framework, ("**green bonds**"). For the avoidance of doubt, finance provided to any business or project that is not eligible under the criteria set out in the NBAD Green Bond Framework will not be considered as the use of proceeds of a green bond issued under this framework.

NBAD has defined the categories eligible broadly in accordance with the "Green Bond Principles" set out by the International Capital Market Association. Eligible categories include:

- Renewable energy;
- Energy efficiency;
- Green real estate and energy-efficient buildings;
- Sustainable waste management;
- Clean transportation;
- Sustainable water management;
- Climate change adaptation; and
- Decarbonising technologies.

Up to 100 per cent. of the proceeds of any green bond issue may be applied to refinance existing eligible projects within the eligible categories. Proceeds used for refinancing eligible projects will be substituted out of any green bond in favour of funding new eligible projects within eligible sectors as and when these become funded by NBAD. NBAD expects that the proceeds of each green bond will be allocated to eligible projects within the Middle East region. However, given the global nature of NBAD's business and the international operations of many of NBAD's clients, the proceeds of any NBAD green bond issue may be applied globally without geographical restriction. Where any portion of the proceeds of a NBAD green bond issue has not been applied to finance eligible projects within eligible sectors, proceeds may be invested according to local liquidity management guidelines.

Green Bond Committee

NBAD has established the Green Bond Committee whose members consist of NBAD's senior management. The role of the Green Bond Committee is to:

- review and evaluate all new proposed use of proceeds of each green bond issue and approve or reject as eligible projects, as appropriate, in accordance with the standards and process set out in NBAD's Green Bond Framework;
- review and certify amounts transferred to/from the green bond proceeds portfolio;
- monitor the ongoing use of proceeds to confirm continued compliance with the NBAD Green Bonds Framework and review any issues raised by the sub-committee; and
- Review and certify the annual green bond report.

PROPOSED MERGER

It was announced on 3 July 2016 that the board of directors of FGB and the Issuer had voted unanimously to recommend to shareholders a merger of the two Abu Dhabi-listed banks (the "**Merger**").

The Merger will create the largest bank in the MENA region by assets. It will also benefit from an international network of offices and branches that spans 19 countries.

The Merger is intended to be effected by way of a merger pursuant to Article 283(1) of UAE Federal Law No. 2 of 2015 concerning Commercial Companies. Subject to the satisfaction of the conditions to the Merger, upon the effective date of the Merger the assets and liabilities of FGB will be assumed by the Issuer in consideration for the issue of new Issuer shares to FGB shareholders. Upon the Merger becoming effective, shareholders of FGB will become shareholders in the Issuer, the FGB shares will be delisted from the Abu Dhabi Securities Exchange and FGB will be dissolved.

If effected, the Merger will result in new Issuer shares (which will be listed on the Abu Dhabi Securities Exchange) being issued to FGB shareholders on the basis of 1.254 Issuer shares for each FGB share they hold.

Following the issue of the new Issuer shares, FGB shareholders would own approximately 52 per cent. of the combined company and Issuer shareholders would own approximately 48 per cent. The Government of Abu Dhabi and related entities consequently will own approximately 37 per cent.

Upon completion of the Merger, the Issuer will retain the name "National Bank of Abu Dhabi".

The Merger remains subject to a number of conditions including the following:

- resolutions approving the Merger and certain ancillary matters having been passed by the requisite majority of the shareholders of FGB and the Issuer respectively; and
- all consents that have been identified by each of the FGB and Issuer boards of directors as necessary to the implementation of the Merger (including all required regulatory consents) having been obtained.

Following satisfaction of the conditions listed above, the FGB and Issuer boards of directors will apply for a resolution of the UAE Minister of Economy approving the Merger and the associated steps required to implement the Merger including the dissolution of FGB, the increase in the share capital of the Issuer and the amendments to the Issuer's articles of association. It is currently anticipated that, subject to the satisfaction of these conditions, the Merger will become effective in Q1 2017. This timeframe is indicative only and is subject to change.

Upon the Merger becoming effective, the board of directors of the Issuer will comprise four members nominated by FGB and four members nominated by the Issuer. His Highness Sheikh Tahnoon Bin Zayed Al Nahyan is proposed to be the Chairman, and Mr. Abdulhamid M. Saeed is proposed to be the Group Chief Executive of the Issuer. The remaining board members will be announced in the shareholder circular.

On 7 December 2016, the respective shareholders of the Issuer and FGB have passed the necessary shareholder resolutions at their respective general assembly meetings to approve of the Merger between the Issuer and FGB, which is to be effected by way of a merger pursuant to the UAE Federal Law No. 2 of 2015 Concerning Commercial Companies. The Merger remains subject to the satisfaction of certain other conditions, as set out above.

OVERVIEW OF THE UAE AND ABU DHABI

The UAE

The UAE is a federation of seven Emirates. Formerly known as the Trucial States, they were a British protectorate until they achieved independence in December 1971 and merged to form the United Arab Emirates. Each Emirate has a local government headed by the Ruler of the Emirate. There is a federal government which is headed by the President. The federal budget is principally funded by Abu Dhabi.

The federation is governed by the Supreme Council of the Rulers which consists of the Rulers of the seven Emirates. The Supreme Council elects from its own membership the President and the Vice President (for renewable five-year terms). H.H. Sheikh Zayed bin Sultan Al Nahyan, the late Ruler of Abu Dhabi, held the position of President from 1971 until his death in November 2004. During his long presidency, H.H. Sheikh Zayed bin Sultan Al Nahyan oversaw massive investment in the infrastructure of the UAE, which transformed the country. Following his death, his son H.H. Sheikh Khalifa bin Zayed Al Nahyan took over as Ruler of Abu Dhabi and has been elected as President of the UAE.

According to data published by the IMF in April 2016, the UAE is estimated to be the second largest economy in the Gulf region after the Kingdom of Saudi Arabia, based on nominal GDP. It has a more diversified economy than most of the other countries in the GCC. According to OPEC data, at 31 December 2014, the UAE had approximately 6.6 per cent. of the world's proven crude oil reserves (giving it the sixth largest oil reserves in the world). According to preliminary data produced by the FCSA and the UAE Central Bank, crude oil and natural gas accounted for 34.3 per cent. of the UAE's GDP and 30.1 per cent. of the total value of the UAE's exports (including re-exports) in 2014.

Based on IMF October 2015 data, real GDP growth in the UAE increased by 1.6 per cent. in 2010, 4.9 per cent. in 2011, 7.2 per cent. in 2012 and 4.3 per cent. in 2013. Based on the same source, the IMF estimated that real GDP in the UAE increased by 4.6 per cent. in 2014.

Based on IMF April 2016 data, real GDP growth in the UAE increased by 7.2 per cent. in 2012 and 4.3 per cent. in 2013 by 4.6 per cent. in 2014 and is estimated to increase by 3.93 per cent. in 2015 and by 2.4 per cent. in 2016.

On 14 May 2016, Moody's Investors Service Singapore Pte. Ltd. ("**Moody's Singapore**") confirmed the UAE's long term credit rating of Aa2, assigning a negative outlook. Reasons cited for this high investment grade rating includes the Government's very large fiscal buffers in the form of diversified offshore investments, which support economic and fiscal resilience during a period of low oil prices and subdued growth. The UAE is not rated by any other rating agency.

The MSCI Emerging Markets Index classifies the UAE as an "**emerging market**" economy with nine UAE companies, including Arabtec, being added to the benchmark index.

Abu Dhabi

Abu Dhabi is the richest of the seven Emirates based on nominal GDP (*source: FCSA*) and the largest based on population as at the date of this Offering Memorandum (*source: FCSA and SCAD*). The city of Abu Dhabi is also the capital of the UAE

According to ADNOC, Abu Dhabi has approximately 94 per cent. of the UAE's total oil reserves and, according to SCAD, produced 2.7 million barrels of oil per day in the year ended 31 December 2014.

In Abu Dhabi, the non-associated Khuff natural gas reservoirs beneath the Umm Shaif and Abu al-Bukhush oil fields rank among the world's largest. In total, the UAE has approximately 6,091 billion standard cubic metres of natural gas reserves, representing approximately 3.0 per cent. of the world's natural gas reserves of 201,139 billion standard cubic metres (according to OPEC at 31 December 2014).

The table below shows Abu Dhabi's crude oil production, exports and average selling prices for each of the years indicated.

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Crude oil production (million b/d)	2.7	2.7	2.6	2.5
Crude oil exports (million b/d).....	2.2	2.5	2.4	2.3
Crude oil exports (U.S.\$ billions)	103.7	100.5	97.9	91.2
Average selling price (U.S.\$ per barrel).....	103.5	109.2	112.1	109.5

Source: SCAD.

The population of the UAE, based on a census carried out in 2005 and according to the FCSA, was approximately 4.1 million, of whom approximately 1.4 million resided in Abu Dhabi. In mid-2010, the FCSA estimated the population of the UAE to be approximately 8.2 million in 2009 and 8.3 million in 2010. A national census has been carried out in 2015 but, as at the date of this Offering Memorandum, the results of the census records have not been published. At the end of 2015, the IMF estimated the population of the UAE to be approximately 9.6 million.

The populations of both the UAE and Abu Dhabi have grown significantly since 1975, reflecting an influx of foreign labour, principally from Asia, as the Emirates have developed.

The table below illustrates this growth using official census data since 1975.

	<u>2005</u>	<u>2001</u>	<u>1995</u>	<u>1985</u>	<u>1980</u>	<u>1975</u>
Abu Dhabi population.....	1,399,484	1,170,254	942,463	566,036	451,848	211,812
Total UAE population.....	4,106,427	N/A	2,411,041	1,379,303	1,042,099	557,887

Sources: Official census data published by the FCSA, except 2001 figure for Abu Dhabi which is sourced from data published by SCAD.

Since 2005, Abu Dhabi's population has grown by 89.8 per cent. to 2,656,448 in 2014, according to mid-year estimates from SCAD.

In 2014, and based on SCAD mid-year estimates, Abu Dhabi had a predominantly young population with 0.6 per cent. being 65 years and over and 11.6 per cent. being under the age of 15. According to the same data, between 2005 and 2014, Abu Dhabi's average annual population growth rate was 7.6 per cent. The population mix in 2014 is estimated by SCAD to have comprised 19.1 per cent. UAE nationals and 80.9 per cent. non-nationals.

According to SCAD, Abu Dhabi's nominal GDP per capita was approximately U.S.\$97,645 in 2014, which makes it one of the highest in the GCC region. The oil and gas industry dominates Abu Dhabi's economy and contributed 51.0 per cent. of nominal GDP in 2014. Oil prices declined significantly in the second half of 2008 and this fact was the principal reason for the decline in Abu Dhabi's nominal GDP in 2009. Increases in oil and gas production rates combined with increases in oil prices contributed significantly to the growth in Abu Dhabi's GDP from 2004 to 2008 and again from 2010 to 2014. However, since June 2014, when the monthly average OPEC Reference Basket price per barrel was approximately U.S.\$108, crude oil prices have fallen sharply, by approximately 68.8 per cent. to a monthly average price of U.S.\$33.64 in December 2015. For the month of July 2016, the average price of the OPEC Reference Basket was U.S.\$42.68 per barrel. This sharp decline in international prices for hydrocarbon products from mid-2014 was primarily responsible for the correction in the speed of growth of Abu Dhabi's nominal GDP, which grew by 7.4 per cent. in 2012 and by 4.8 per cent. in 2013, slowing to a growth rate of 2.2 per cent. during 2014. As at the date of this Offering Memorandum, data for Abu Dhabi's nominal GDP during 2015 is not available. However, when these figures are published, it is expected that they will reflect a further reduction in growth, in response to the prevailing volatility of crude oil prices.

Abu Dhabi's growing non-oil sector, which in 2010 accounted for over 50.0 per cent. of Abu Dhabi's GDP, in comparison to 2008, where it accounted for just over 41.4 per cent., contributed to Abu Dhabi's increase in GDP in 2010, despite the continuing economic financial crisis. In 2013 and 2014, the non-oil sector accounted for approximately 45.0 per cent. and 49.0 per cent., respectively, of Abu Dhabi's GDP.

No meaningful real GDP information is currently available for Abu Dhabi as a result of historical uncertainties surrounding the calculation of inflation for the Emirate.

The table below shows Abu Dhabi's nominal GDP, its percentage growth change, the UAE's nominal GDP and the percentage contribution of Abu Dhabi's nominal GDP to the UAE's nominal GDP for each of the years indicated.

	2014	2013	2012
	<i>(AED billions, except for percentage)</i>		
Abu Dhabi nominal GDP (current price)	952.7	953.2	909.7
Percentage change in Abu Dhabi nominal GDP.....	2.2	4.8	7.4
UAE nominal GDP (current prices)	1,467.0	1,477.6	1,409.5
Abu Dhabi as a percentage of U.A.E	64.9	64.5	64.5

Sources: SCAD (for Abu Dhabi nominal GDP) and FCSA (for UAE nominal GDP).

Abu Dhabi's GDP is dominated by the oil and gas sector, which contributed 57.0 per cent. of nominal GDP in 2012, 55.0 per cent. in 2013 and 51.0 per cent. in 2014. As per preliminary estimates published by SCAD, outside the oil and gas sector, the principal contributors to nominal GDP in Abu Dhabi in each of 2012, 2013 and 2014 have been: construction; manufacturing; real estate; financial and insurance sector; transportation and storage; public administration and defence and compulsory social security; and wholesale, retail trade and repair of motor vehicles and motorcycles, which together accounted for 34.2 per cent. of nominal GDP in 2012, 34.7 per cent. in 2013 and 36.1 per cent. in 2014.

In terms of growth, the fastest growing sectors between 2005 and 2014 were human health and social work; real estate; public administration and defence and compulsory social security; transportation and storage; construction; financial and insurance; and activities of households as employers, with compound annual growth rates ("CAGRs") of 26.3 per cent., 17.4 per cent., 20.5 per cent., 18.6 per cent., 14.8 per cent., 16.0 per cent. and 17.8 per cent., respectively.

The following table shows Abu Dhabi's nominal GDP by economic activity and by percentage contribution, as well as the year-on-year growth rate, for each of the years indicated.

Sector	2014*			2013			2012		
	(AED millions)	(%)	(2014 compared to 2013, % change)	(AED millions)	(%)	(2013 compared to 2012, % change)	(AED millions)	(%)	(2012 compared to 2011, % change)
Agriculture, forestry and fishing	5,991	0.6	3.5	5,784	0.6	7.8	5,365	0.6	4.5
Mining and quarrying (includes crude oil and natural gas).....	485,714	50.9	(4.9)	511,093	54.8	(1.5)	518,861	57.0	7.0
Manufacturing	51,997	5.4	7.0	48,567	5.2	0.7	48,208	5.3	0.5
Electricity, gas and water supply; waste management.....	23,496	2.4	5.1	22,344	2.4	1.1	22,100	2.4	16.3
Construction	91,286	9.6	6.5	85,672	9.1	3.0	83,153	9.1	(0.4)
Wholesale and retail trade; repair of motor vehicles and motorcycles	42,143	4.4	18.3	35,617	3.8	12.5	31,639	3.5	12.7
Transportation and storage.....	40,535	4.2	16.2	34,881	3.7	8.7	32,083	3.5	9.7
Accommodation and food services	9,928	1.0	11.4	8,910	0.9	2.8	8,665	1.0	2.2
Information and communication	19,995	2.0	4.0	19,223	2.0	2.6	18,736	2.1	(3.1)
Financial and insurance	68,597	7.2	22.6	55,928	6.0	37.2	40,742	4.5	23.9
Real estate	44,005	4.6	9.5	40,174	4.3	(0.4)	40,334	4.4	16.3
Professional, scientific and technical.....	20,007	2.1	6.1	18,847	2.0	2.6	18,356	2.0	(4.2)
Administrative and support services.....	10,806	1.1	7.9	10,007	1.0	2.3	9,777	1.1	1.4
Public administration and defence; compulsory social security	55,463	5.8	15.5	48,016	5.1	19.1	40,293	4.4	20.3
Education	12,012	1.2	6.8	11,237	1.2	5.4	10,660	1.2	17.7
Human health and social work.....	12,258	1.2	13.9	10,761	1.1	34.3	8,011	0.9	41.9
Arts, recreation and other services	2,648	0.2	9.6	2,416	0.2	(14.3)	2,822	0.3	13.7
Activities of households as employers	3,995	0.4	24.2	3,216	0.3	54.3	2,084	0.2	16.6
Less: Imputed Bank Service Charge	(48,199)	(5.0)	17.7	(40,921)	(4.3)	27.3	(32,123)	(3.5)	(16.1)
Total GDP	952,676	100.0	-	931,773	100.0	-	909,721	100.0	-

* Preliminary estimates.

Source: SCAD.

The Government's long-term ratings were confirmed at Aa2 (with a negative outlook) and its short-term ratings were affirmed at Prime-1 (with a stable outlook) by Moody's on 14 May 2016. Reasons cited for these high investment grade ratings include the Government's very large fiscal buffers in the form of diversified offshore investments, which support economic and fiscal resilience during a period of low oil

prices and subdued growth. On the other hand, Moody's decision to assign a negative outlook to the rating is based on the Government's large deficits and the deterioration in the net asset position created by lower oil prices which, if left unchecked, will erode Abu Dhabi's fiscal buffers over time, exerting downward pressure on the rating.

The Government's long-term sovereign credit ratings were affirmed at AA long-term (with a stable outlook) and A-1+ short-term (with a stable outlook) by S&P on 5 February 2016. S&P commented that the ratings are anchored by the Emirate's strong fiscal and external positions. S&P further commented that, in addition to providing fiscal policy flexibility, the exceptional strength of the Government's net asset position provides a buffer against the effect of oil price volatility on economic growth and Government revenues, as well as on the external account. On the other hand, S&P highlighted the fact that Abu Dhabi has less-developed political institutions compared to non-regional peers in the same rating category. Additionally, limited monetary policy flexibility (given the UAE dirham's peg to the U.S. dollar), gaps and delays in the provision of economic and fiscal data and the underdeveloped local currency domestic bond market also weigh on S&P's ratings. Further, and on the basis of S&P's assumptions that the oil price will remain low for the foreseeable future, S&P anticipates that the Government's fiscal balance will turn to a deficit in the period from 2016 to 2019. However, S&P also expects that the Government will maintain its very strong net fiscal asset position during this period.

The Government's long-term foreign and local currency issuer default ratings were affirmed at AA (with a stable outlook) and short-term foreign currency issuer default ratings at F1+ (with a stable outlook) by Fitch on 2 February 2016. Fitch commented that the Emirate's key credit strengths are its exceptionally strong fiscal and external metrics and high GDP per capita, balanced by high dependence on hydrocarbons, a relatively weak policy framework and weak data availability compared with peers.

Government

Executive authority in Abu Dhabi is derived from the Ruler, H.H. Sheikh Khalifa bin Zayed Al Nahyan and the Crown Prince, H.H. Sheikh Mohamed bin Zayed Al Nahyan.

Departments, authorities and councils are established by Emiri Decree.

The Supreme Petroleum Council was established by law No. (1) of 1988, and the Chairman of the Supreme Petroleum Council is H.H. Sheikh Khalifa bin Zayed Al Nahyan, Ruler of Abu Dhabi and President of the UAE. In accordance with Law No. (1) of 1988, the Supreme Petroleum Council is the highest authority responsible for petroleum affairs in Abu Dhabi and formulates and oversees Abu Dhabi's policies and objectives in all sectors of the petroleum industry. The Supreme Petroleum Council has 16 board members appointed by an Emiri Decree issued in March 2016 and two of the Company's board members sit on the Supreme Petroleum Council.

The Executive Council is the principal executive authority below the Ruler and the Crown Prince and currently comprises 15 members, appointed by an Emiri Decree issued in February 2016.

Departments manage administration within the Emirate and manage specific portfolios, including, for example, the Department of Economy and Planning, the Department of Finance, the Department of Municipal Affairs, the Department of Transport and the Judicial Department. Authorities manage the Emirate's resources and strategies and include the Abu Dhabi Accountability Authority, the Abu Dhabi Tourism and Culture Authority, the Abu Dhabi Water and Electricity Authority, the Executive Affairs Authority and the Health Authority. Councils act as controlling bodies for certain Government initiatives, projects and industry sectors by setting and monitoring policies, regulations and standards, and include the Civil Service Council, the Council for Economic Development, the Education Council, the Supreme Petroleum Council and the Urban Planning Council.

The Government owns or has material shareholdings in a number of other significant companies and institutions, including ADNOC, Abu Dhabi Investment Authority ("**ADIA**"), International Petroleum Investment Company P.J.S.C. ("**IPIC**"), Abu Dhabi Investment Council ("**The Council**"), Mubadala Development Company ("**Mubadala**") and Tourism Development and Investment Company ("**TDIC**"). Each of these companies and institutions are wholly-owned by the Government.

ADNOC was established in 1971 to operate in all areas of Abu Dhabi's oil and gas industry. Since 1971, ADNOC has steadily broadened its activities establishing various companies and subsidiaries to create an integrated oil and gas industry in Abu Dhabi.

ADIA was established in 1976. The Government provides funds to ADIA on a periodic basis that are surplus to its budgetary requirements and other funding requirements. ADIA carries out its investment strategy independent of and without reference to the Government or other entities that also invest funds on the Government's behalf. In addition, at certain times, in practice only during periods of extreme and/or prolonged weakness in commodity prices, ADIA is required to make available to the Government its financial resources to secure and maintain the future welfare of Abu Dhabi. Two of the Company's board members sit on the ADIA board of directors.

IPIC was established in 1984. IPIC has a mandate to invest in energy and energy-related assets globally. IPIC has seven board members, including H.H. Sheikh Mansour bin Zayed Al Nahyan, the Chairman of the board of directors, a member of the ruling family of Abu Dhabi, the Deputy Prime Minister of the U.A.E. and the U.A.E. Minister of Presidential Affairs.

The Council started its operations in 2007. The Council is another investment arm of the Government and is also responsible for investing the Government's financial resources. The Council is empowered by the Government with a direct investment mandate to broaden Abu Dhabi's economic base and facilitate the international development of Abu Dhabi companies. Two of the Company's board members sit on The Council's board of directors.

Mubadala was established in 2002. Mubadala is a business development and investment company mandated by the Government to act as a primary catalyst in the implementation of Abu Dhabi's development strategy in a commercial and profitable manner. Two of the Company's board members sit on the Mubadala board of directors.

TDIC was established in 2005. TDIC is a wholly-owned subsidiary of the Abu Dhabi Tourism and Culture Authority. TDIC is mandated to implement the strategy of the Abu Dhabi Tourism and Culture Authority through tourism development and is charged with fulfilling Abu Dhabi's ambition to become a leading global tourist destination.

Abu Dhabi's Economic Strategy

The Government's development strategy is articulated in the Abu Dhabi Policy Agenda 2007-2008 (the "**Policy Agenda**") and the Abu Dhabi Economic Vision 2030, issued by the Government in January 2009 (the "**2030 Economic Vision**"). Drawing on the Policy Agenda, the 2030 Economic Vision sets forth a roadmap for developing the Government's strategy for economic development over the period to 2030.

The Policy Agenda establishes broad, long-term policy goals to drive economic, social and geopolitical/governance change in Abu Dhabi. Under the Policy Agenda, diversifying the energy sector and the economy through investments by entities such as the Company is a key step in achieving economic development, including through the strengthening of downstream hydrocarbon capabilities (refining, transportation and distribution), the application of better processes, products and technologies and the expansion of the proportion of value-added exports, such as refined and semi-refined products in the petrochemicals sector, from Abu Dhabi. The Policy Agenda also calls for the pursuit of the geographic diversification of Abu Dhabi's assets through strategic investments in upstream, midstream and downstream hydrocarbon assets outside the UAE by entities such as the Company and the leveraging of Abu Dhabi's strengths in the hydrocarbon sector to diversify into other industrial sectors, such as the development of Abu Dhabi as a world leader in the petrochemicals industry. The Company is specifically identified in the 2030 Economic Vision as playing a key role in executing certain of these initiatives.

International Relations

The foreign policy of the UAE is based upon a set of guiding principles, laid down by the country's first President, H.H. Sheikh Zayed bin Sultan Al Nahyan.

The UAE participates in a number of multi-lateral aid-giving institutions, including the International Bank for Reconstruction and Development, the International Development Agency, the IMF and regional bodies like the Arab Bank for Economic Development in Africa, the Arab Gulf Fund for the United Nations, the Abu Dhabi-based Arab Monetary Fund, the Islamic Development Bank and the OPEC Fund

for International Development. In addition, the UAE is a member of various other international organisations, including, among others, the Asia-Pacific Economic Co-operation, the GCC, the International Organisation for Industrial Development, the League of Arab States, OPEC, the Organisation of Arab Petroleum Exporting Countries, the Organisation of Islamic Countries, the United Nations, the World Health Organisation and the World Trade Organisation. The UAE has also entered into a number of bilateral agreements with other countries (such as the UAE's bilateral agreement with the United States for peaceful nuclear co-operation which establishes the legal framework for commerce in civilian nuclear energy between the two countries).

The UAE enjoys good relations with the other states in the GCC. However, the UAE has an ongoing dispute with the Islamic Republic of Iran and continuing discussions with the Kingdom of Saudi Arabia over border issues. Since 1971, the three Gulf islands of Abu Musa and Greater and Lesser Tunb have been occupied by the Islamic Republic of Iran. The UAE believes that the islands should be returned to the Emirate of Sharjah and the Emirate of Ras al Khaimah (with the Emirate of Sharjah claiming sovereignty over Abu Musa and the Emirate of Ras al Khaimah claiming sovereignty over Greater and Lesser Tunb) and is seeking to resolve the dispute through negotiation.

The UAE is also seeking, through negotiation, to resolve issues related to the 1974 provisional and, as yet, unratified, agreement with the Kingdom of Saudi Arabia on the border between the two countries, which the UAE believes should be substantially amended. In addition, the UAE is involved in discussions with the governments of the Kingdom of Saudi Arabia and the State of Qatar relating to a maritime corridor which the State of Qatar has purported to grant to the Kingdom of Saudi Arabia, from within the State of Qatar's own maritime waters, which crosses part of the route of the gas pipeline constructed by Dolphin Energy Limited. The UAE believes that this grant is in breach of existing agreements between the UAE and the State of Qatar and, in June 2009, the UAE's Ministry of Foreign Affairs stated this position in a letter to the UN Secretary General.

The UAE, along with other Arab states, is currently participating in the Saudi Arabian led military intervention in the Republic of Yemen which began in 2015 in response to requests for assistance from the Yemeni government. The UAE is also a member of another Saudi Arabian led military coalition formed in December 2015 to combat Islamic extremism and, in particular, Islamic State (also known as Daesh, ISIS or ISIL).

THE UNITED ARAB EMIRATES BANKING SECTOR AND REGULATIONS

SUMMARY

According to data published by the UAE Central Bank there were a total of 49 banks (23 locally incorporated banks and 26 foreign banks) licensed to operate in the UAE as at 31 December 2015 (excluding the Dubai International Financial Centre (the "DIFC")) (*source*: UAE Central Bank), to serve a national population of approximately 9.1 million people at the end of 2014 (*source*: the World Bank). As a result, the UAE could be viewed as an over-banked market. The UAE's membership of the WTO will require greater economic liberalisation, but it is unclear to what extent this will encourage foreign banks to expand their presence in the market. In the long-term, however, it is likely to lead to increased competition, which should spur consolidation, both within the UAE and across the region generally.

According to preliminary estimates published by the SCAD, the financial and insurance sectors in Abu Dhabi contributed approximately AED 68.6 billion to (or 7.2 per cent. of) Abu Dhabi's nominal GDP in 2014. Within the UAE as a whole, the financial sector was estimated to have contributed approximately 6.9 per cent. of real GDP in 2014 (according to preliminary estimates published by the FCSA).

As a banking regulator, the UAE Central Bank, established in 1980, has grown in stature over the years and is the governing body that regulates and supervises all banks operating in the UAE. The UAE Central Bank monitors banks through its Banking Supervision and Examination Department. It conducts reviews of banks periodically based on the risk profile of each bank. It also reviews all of the returns submitted by the banks to the UAE Central Bank.

Historically, the UAE Central Bank does not act as a "lender of last resort", instead this role tends to fall on the individual Emirs of each Emirate. However, the introduction by the UAE Central Bank in 2014 of the Interim Marginal Lending Facility ("IMLF") is expected to enable non-Islamic UAE banks to use certain rated or UAE federal government entity issued assets as collateral to access UAE Central Bank liquidity overnight in order to help their liquidity management. See "*Recent trends in banking – Liquidity*".

CHARACTERISTICS OF THE BANKING SYSTEM

Lack of Consolidation

The UAE may be seen as being over-banked with 49 different banks as at 31 December 2015. Traditionally there has been little impetus for consolidation. The federal structure of the UAE has, to some extent, encouraged the fragmented nature of the banking sector, with the individual Emirates wishing to retain their own national banks. Rivalries between large local business families and a desire not to dilute shareholdings have also hampered the process of consolidation. However, in October 2007, the UAE's then second and fourth largest banks at the time, Emirates Bank International P.J.S.C. and National Bank of Dubai P.J.S.C., merged to become Emirates NBD P.J.S.C.

The relatively small size of most UAE banks has occasionally hindered them from competing for large financing transactions in the region. It also means that they have comparatively small franchises with which to absorb capital costs, such as information technology system development. The advent of WTO liberalisation should allow greater competition from foreign banks, both from new entrants to the market and from existing players expanding their operations, which may eventually result in more mergers, with the possibility of creating banks with pan-Gulf franchises.

Domestic Focus

The UAE incorporated banks are predominantly focused on the domestic market but a number have small operations overseas and are showing growing interest in cross-border business.

With a large number of banks, competing for a limited number of wholesale lending opportunities, most banks have turned to retail banking, a previously untapped market. However, increasing competition in this area is gradually eroding margins and encouraging a relaxation of lending criteria. As the market has been tested only to a limited extent under adverse conditions, it is difficult to predict the future likelihood of asset quality problems.

Expansion of retail operations has required heavy investment in distribution channels, particularly ATM networks, kiosks and telephone and Internet banking services. As a consequence, information technology costs have been a prominent feature of many UAE banks' expenses.

Limited Foreign Ownership

In 1987, the UAE federal government placed a freeze on new foreign banks opening operations in the UAE. At the same time, existing foreign banks were limited to a maximum of eight branches, which restricted their ability to develop any retail potential. However, three banks of GCC state origin, the National Bank of Kuwait, SAMBA and Doha Bank, were awarded licences by the UAE Central Bank following an agreement to permit market access to banks of GCC state origin in line with continuing efforts in regional integration.

During 2002, the Government of Dubai issued a decree establishing the DIFC. The DIFC, located in the Emirate of Dubai, is a free trade zone and financial services centre focusing on private banking, asset management, investment banking, re-insurance activities, Islamic finance, securities trading and back office operations. The DIFC has its own civil and commercial laws and has been granted authority to self-legislate in civil and commercial cases. The opening of the DIFC has enabled international banks to establish a presence and compete in the wholesale banking market and this has seen new entities entering the market place.

Exposure to the Oil Sector

With much of the economy directly or indirectly dependent on the oil sector, UAE banks are potentially vulnerable to business erosion during long periods of low oil prices (see "*Risk Factors – The UAE's economy is highly dependent upon its oil revenue*"). In particular, oil revenues tend to drive levels of liquidity and government infrastructure investment. Gradually, however, private non-oil sectors are gaining ground and the UAE economy is becoming less susceptible to oil price movements. For example, according to preliminary estimates published by the SCAD (Statistical Yearbook of Abu Dhabi 2015), the oil and gas industry contributed approximately 51.0 per cent to nominal GDP in Abu Dhabi in 2014 as compared with a contribution of 55.0 per cent. in 2013.

Islamic Banking

Shari'a (Islamic) law forbids the charging of interest on any financial transaction. A number of banks have developed in the Islamic world to serve customers who wish to observe this principle. These institutions offer a range of products which, whilst broadly corresponding with conventional banking transactions, are structured in a way which avoids the application of interest. The UAE is home to numerous institutions offering Islamic banking and financial products. Such institutions include: Dubai Islamic Bank P.J.S.C., Abu Dhabi Islamic Bank P.J.S.C., Emirates Islamic Bank P.J.S.C., Noor Bank, Al Hilal Bank P.J.S.C., Ajman Bank, Sharjah Islamic Bank P.J.S.C., Dubai Islamic Insurance & Reinsurance Company (AMAN), Islamic Arab Insurance Co. (P.S.C.) (Salama), Tamweel and Amlak Finance. The number of Islamic banks continues to increase, with both new entrants to the market and existing conventional banks recasting themselves as Islamic banks. In addition, conventional financial institutions often offer *Shari'a*-compliant products.

Legal Environment

There are three primary sources of law in the UAE: (i) federal laws and decrees; (ii) local laws; and (iii) *Shari'a* (Islamic) law. In addition, Emiri decrees can be issued by the rulers of each of the Emirates which, when issued, have full legal effect and operation in such Emirate. The secondary form of law is trade custom or practice. In the absence of federal legislation on areas specifically reserved to federal authority, the ruler of a given Emirate or local government will apply his or its own rules, regulations and practices.

Supervision of Banks

The main piece of legislation applicable to the banking system is Union Law No. 10 of 1980 (the "**Union Law**") which established the UAE Central Bank. The UAE Central Bank's primary roles are to formulate and implement banking, credit, monetary and fiscal policy and to be responsible for ensuring price and currency stability with free convertibility to foreign currencies. It is also the "bank for banks" within the UAE, although it is not the "lender of last resort". In the event of a bank experiencing financial

difficulties or a solvency crisis, rescue funds – such as long-term liquidity or equity support – have historically come from the Emirate in which the institution is based. However, in the event of a run on the currency or a major banking crisis, it is likely that the UAE government would ultimately stand as de facto defender of the currency and the "lender of last resort".

The Union Law grants the UAE Central Bank powers to:

- exercise currency issue, stabilisation, valuation and free convertibility;
- direct credit policy for balanced growth of the economy;
- organise and promote an effective banking system with private banks and institutions;
- advise the federal government on financial and monetary issues;
- maintain the federal government's reserves of gold and foreign currencies;
- act as a bank for the federal government and other banks operating in the UAE; and
- act as the federal government's financial agent with the IMF, the World Bank and other international financial organisations.

Historically, income from overseas investments has been used to fund fiscal deficits, obviating the need for the UAE Central Bank to issue government debt. However, the UAE Central Bank does issue certificates of deposit ("CDs") to UAE banks, denominated in both U.S. dollars and UAE dirhams, in order to absorb excess liquidity rather than to meet a specific funding need. There is presently no active secondary market in these securities, but they can be redeemed at face value at the UAE Central Bank at any time. In 2007, the UAE Central Bank introduced an auction system which allows U.S. dollar drawings against UAE dirham CD holdings.

The UAE dirham is linked to the IMF's Special Drawing Right. However, the U.S. dollar is the intervention currency and, in practice, the UAE dirham is pegged to the U.S. dollar. This pegged exchange rate has been in place since the 1980s and has proved to be resilient both to political tensions in the region and to fluctuations in oil prices.

The UAE Central Bank is also responsible for regulating financial institutions in relation to money laundering controls and enforcing Federal Law No. 4 of 2002 regarding the Criminalisation of Money Laundering. It has established an Anti-Money Laundering and Suspicious Cases Unit which acts as the financial intelligence unit and has issued a number of detailed regulatory instructions in pursuit of anti-money laundering policies and procedures. The UAE has also established a National Anti-Money Laundering Committee, which is responsible for coordinating anti-money laundering policy.

The UAE further strengthened its legal authority to combat terrorism and terrorist financing, by passing Federal Law No. 1 of 2004 on Combating Terrorism Offences, which provided for the establishment of a National Anti-Terror Committee (the "NATC"). The NATC serves as a UAE inter-agency liaison.

Although the UAE Central Bank is responsible for regulating all banks, exchange houses, investment companies and other financial institutions in the UAE, the Dubai Financial Services Authority regulates all banking and financial services activities in the DIFC. The UAE Central Bank has also been growing in stature as a banking supervisor. However, it is hampered in its role by the level of legal autonomy afforded to the individual Emirates, which at times makes it difficult to enforce directives uniformly across the banking sector.

Lack of Developed Capital Markets

The absence of mature bond or equity markets in the UAE means that banks have often shouldered the burden of long-term financing. This has tended to create a maturity mismatch in their balance sheets, as most of their liabilities are short-term customer deposits. Although the two stock markets, the Dubai Financial Market and the ADX (both of which were established in 2000), have grown over recent years and have benefitted from the inclusion of the UAE in the MSCI Emerging Markets Index in 2014, they continue to experience bouts of volatility.

The NASDAQ Dubai (formerly known as the Dubai International Financial Exchange) is a securities exchange located in the DIFC which commenced operations on 26 September 2005. In December 2009 the Dubai Financial Market announced its intention to acquire the NASDAQ Dubai, with completion of the acquisition having occurred in July 2010. The Dubai Financial Market and the ADX were upgraded to the MSCI Emerging Markets Index with effect from 1 June 2014 which could lead to an increase in interest and investment from international institutional investors in the UAE.

Government Involvement

There is a high degree of state involvement in the UAE banking sector. Most of the larger banks have some degree of government ownership. Privatisation, though advocated in principle, has been slow to manifest in practice. The state and its related entities are together the banking sector's largest customers, in terms of both deposits and project financing.

Expatriate Workforce

An unusual feature of the UAE economy is its reliance on overseas labour, with expatriates making up approximately 80 per cent. of the workforce according to estimates published by the SCAD in mid-2015. The banking sector is no exception to this and expatriates are employed in the senior management of most of the major banks. This has brought expertise from more developed markets to the sector. However, the high level of expatriates in the UAE has been an increasing concern for the UAE federal government and as part of a policy of "Emiratisation", banks were instructed, in 1999, to increase the percentage of UAE nationals on their payroll to 40 per cent. by 2009. Generally, banks have been moving closer to, or have met, this target, providing better training and compensation for UAE nationals.

Accounting Standards

Since 1 January 1999, all UAE banks have been required to prepare their financial statements in accordance with IFRS (formerly International Accounting Standards (IAS)). Although this has led to a substantial improvement in disclosure standards, there remains some variability in the quality and depth of disclosure across the banking sector.

Structure of the Banking System

Banking institutions in the UAE fall into a number of categories, as defined by the Union Law. Domestic commercial banks, also known as "National" banks, of which there are 23 as at 31 December 2015 (*source*: UAE Central Bank), are required to be public shareholding companies with a minimum share capital of AED 40.0 million and must be majority owned by UAE nationals. Licensed foreign banks, of which there are 26 as at 31 December 2015 (*source*: UAE Central Bank), need to demonstrate that at least AED 40.0 million has been allocated as capital funds for their operations in the UAE. The Union Law also licenses "financial institutions" (institutions whose principal functions are to extend credit, carry out financial transactions, invest in moveable property and other activities, but which are not permitted to accept funds by way of deposits) and financial and monetary intermediaries (money and stockbrokers).

RECENT TRENDS IN BANKING

Profitability

The performance of the UAE economy is influenced by oil prices, which directly affect fiscal revenues and hence determine the level of investment in government projects in the country. The high oil prices and strong economic conditions experienced in the UAE between 2004 and 2008 allowed UAE banks to expand significantly.

However, much of this growth focused on the real estate sector and equity financing which, in the context of the 2008 global financial crisis, represented a significant risk to the UAE banking system. Equity prices declined generally in the UAE from 2008 to 2011 in response to the global 2008 financial crisis but rebounded between 2012 and 2015, with the ADX's General Index declining from 2,719.9 at 31 December 2010 to 2,402.3 at 31 December 2011 before increasing to 2,630.9 at 31 December 2012, 4,290.3 at 31 December 2013 and 4,528.9 at 31 December 2014, before declining again to 4,307.4 at 31 December 2015, and the Dubai Financial Market index declining from 1,630.5 at 31 December 2010 to 1,353.4 at 31 December 2011 before increasing to 1,662.5 at 31 December 2012, 3,371.4 at 31 December

2013 and 3,774.0 at 31 December 2014, before declining again to 3,160.9 at 31 December 2015 (*source*: Bloomberg).

During 2008 to 2010, a number of banks were also affected by the impact of mark to market accounting rules on their international investment portfolios. Additionally, during the same period, the UAE economy was negatively impacted by the global economic downturn and, in particular, by the sharp correction in the price of oil, which affected a number of key economic sectors including trade, tourism, real estate and commerce. This economic slowdown, along with reduced levels of liquidity in the market, constrained lending and resulted in the majority of UAE banks being less profitable in this period than in previous years.

However, according to the IMF country report for the UAE in 2014, profitability of UAE banks, in terms of return on assets, has grown from around 1.3 per cent. in 2010 to around 1.7 per cent. in 2014.

Liquidity

The UAE Central Bank closely monitors the level of liquidity in the banking system. It also requires that banks have in place adequate systems and controls to manage their liquidity positions, as well as contingency funding plans to cope with periods of liquidity stress.

Banks must also adhere to a maximum advances to stable resources ratio of 100 per cent. set by the UAE Central Bank. In this context, loans comprise loans and advances to customers and interbank assets maturing after three months.

UAE banks are mostly funded through on demand or time based customer deposits made by private individuals or private sector companies. According to data made available by the UAE Central Bank, together, these deposits constituted approximately 64.7 per cent. of total deposits of the UAE banking sector as at 31 December 2015. The UAE federal government and the public sector constituted approximately 23.6 per cent. of total deposits within the UAE banking sector as at 31 December 2015. Non-resident and other sources contributed approximately 11.7 per cent. as at the same date (*source*: UAE Central Bank Statistical Bulletin December 2015).

In response to the global 2008 financial crisis, the UAE Central Bank announced a number of measures aimed at ensuring that adequate liquidity is available to banks operating in the UAE. In September 2008, the UAE Central Bank established an AED 50.0 billion liquidity facility which banks can draw upon subject to posting eligible debt securities as collateral. The liquidity facility is available only for the purpose of funding existing commitments. New lending is required to be based on growth in the customer deposit base. The UAE Central Bank also established a CD repo facility under which banks can use CDs as collateral for dirham or U.S. dollar funding from the UAE Central Bank.

In addition to these measures, the UAE federal government also provided AED 50.0 billion in deposits to UAE banks (as part of a larger AED 70.0 billion package) which, at the option of the banks, could be converted into Tier II capital in order to enhance capital adequacy ratios. A number of banks in the UAE exercised this option and converted the UAE federal government deposits made with them into Tier II capital.

During 2008, Government-owned institutions assisted certain Abu Dhabi banks in strengthening their capital base through the subscription of mandatory convertible securities and, in February 2009, the Abu Dhabi Government (acting through the Department of Finance) subscribed for, in aggregate, a sum of AED 16.0 billion in subordinated Tier I capital notes issued by the five largest Abu Dhabi banks: National Bank of Abu Dhabi P.J.S.C., Abu Dhabi Commercial Bank P.J.S.C., FGB, Union National Bank P.J.S.C. and Abu Dhabi Islamic Bank P.J.S.C.

In line with Basel III requirements, the UAE Central Bank has issued the Liquidity Notice which entered into force in the UAE on 1 July 2015 and which includes a set of qualitative and quantitative liquidity requirements for UAE banks. The qualitative requirements set out in the Liquidity Notice elaborate on the responsibilities of a UAE bank's board of directors and senior management as well as the overall liquidity risk framework. The new regulations are intended to ensure that liquidity risks are well managed at banks operating in the UAE and are in line with the Basel Committee's recommendations and international best practices. These requirements include the following:

Responsibilities of the board of directors:

- to bear ultimate responsibility for liquidity risk management within the relevant UAE bank;
- to be familiar with liquidity risk management with at least one board member having detailed understanding of liquidity risk management; and
- to ensure the clear articulation of liquidity risk tolerance in line with the relevant UAE bank's objectives, strategy and risk appetite.

Responsibilities of Senior Management:

- to develop strategies, policies and practices to manage liquidity risk in accordance with the liquidity risk tolerance set by the board of directors;
- to review the UAE bank's strategy and to report to the board of directors on regulatory compliance on a regular basis; and
- to manage liquidity risk in a prudent manner using all available liquidity risk management tools.

Liquidity risk framework:

The Liquidity Notice requires each UAE bank to have a robust liquidity risk framework which comprises the following elements:

- sound processes and systems to identify, measure, monitor and control liquidity risk in a timely and accurate manner;
- a robust liquidity risk management framework (which must be shared with the UAE Central Bank upon request) with limits, warning indicators, communication and escalation procedures;
- regular internal stress testing of the portfolio for a variety of scenarios (both institution specific and market-wide); results being communicated to the board of directors and the UAE Central Bank on request;
- incorporation of liquidity costs, benefits and risks into product pricing and approval processes;
- establishment of a forward-looking funding strategy with effective diversification of funding sources and tenors;
- setting of formal contingency funding plans which clearly set out strategies for addressing liquidity shortfalls in emergency situations (and which must be shared with the UAE Central Bank upon request);
- establishment of an adequate cushion of unencumbered, highly liquid assets as insurance against a range of liquidity stress scenarios; and
- a transfer pricing framework (which is commensurate with the bank's liquidity risk tolerance and complexity) developed to reflect the actual cost of funding.

The quantitative requirements set out in the Liquidity Notice are intended to ensure that each UAE bank holds a minimum level of liquid assets which allow it to sustain a short-term liquidity stress (in circumstances both specific to that bank and market wide). In particular, the requirements include two ratios which are intended to apply until the Basel III Liquidity Coverage Ratio and Net Stable Funding Ratio come into effect. These include the following:

	Ratio	Applicability Period
Interim ratios:	Liquid Asset Ratio (LAR > =10%)	1 January 2013 – 30 June 2015
	Eligible Liquid Assets Ratio (ELAR > = 10%)	1 July 2015 – December 2017
	Advances to Stable Resources Ratio (ASRR < 100%)	Until – December 2017
Basel III ratios:	Liquidity Coverage Ratio (LCR > 100%)	January 2018 onwards
	Net Stable Funding Ratio (NSFR < 100%)	January 2018 onwards

The liquid assets ratio ("**LAR**") was an interim ratio designed to apply until the liquidity coverage ratio ("**LCR**") comes into effect (as described below). Following the entering into force of the Liquidity Notice on 1 July 2015, the LAR was replaced with the eligible liquid assets ratio ("**ELAR**"). Under the ELAR, UAE banks are required to hold an amount equivalent to at least 10 per cent. of their liabilities in high quality liquid assets (including cash held with the UAE Central Bank, the UAE Central Bank CDs and certain UAE local government and public sector entity publicly traded instruments).

The Liquidity Notice also includes the option for UAE banks to apply to the UAE Central Bank to move to assessment of bank liquidity as against the LCR (and away from assessment against the interim ELAR), with effect from 1 January 2016. Any UAE banks taking up this option were required to comply with the ELAR until 1 January 2016, after which date they are required to move to compliance with the LCR (subject to receipt of UAE Central Bank approval). The Issuer has chosen to take up this option and, once it has received the approval of the UAE Central Bank (which remains pending as at the date of this Offering Memorandum), will have its liquidity assessed by the UAE Central Bank as against the LCR.

The LCR represents a 30 days stress scenario with combined assumptions covering both bank specific and market wide stresses. These assumptions are applied to contractual data representing the main liquidity risk drivers at banks to determine cash outflows within the 30 days stress scenario. The LCR requires that UAE banks should always be able to cover the net cash outflow with eligible liquid assets at the minimum LCR determined by the UAE Central Bank. The Basel III accord requires that this minimum is 100 per cent. The Liquidity Notice describes in detail eligible liquid assets for this purpose by January 2019.

The Advances to Stable Resources Ratio (the "**ASRR**") is a measure that recognises both the actual uses as well as the likely uses of funds in terms of contractual maturity and behavioural profile of the sources of funds available to the bank, in order to ensure that there are limited maturity mismatches and cliff effects.

NSFR is a structural ratio that aims to ensure that banks have adequate stable funding to fund the assets on their balance sheets. It also requires an amount of stable funding to cover a portion of the relevant UAE banks contingent liabilities. The NSFR mirrors the Basel III NSFR standard. The NSFR identifies the key uses of funds and the different types of funding sources used by the UAE banks. It assigns available stable funding ("**ASF**") factors to the sources of funds and required stable funding ("**RSF**") (usage) factors to asset classes and off balance sheet contingent exposures. The assigned ASF factor depends on the terms of funding and the perceived stability of the funding sources. The assigned ASF factor will depend on the liquidity of the asset being funded under a market-wide stress. Both factors will follow the Basel III NSFR standard.

Interim Marginal Lending Facility

On 15 April 2014, the UAE Central Bank introduced the IMLF which is expected to enable non-Islamic UAE banks to use certain rated or UAE federal government entity-issued assets to access UAE Central Bank liquidity overnight in order to help their liquidity management during times of market stress.

The IMLF will let lenders use certain assets as collateral to obtain one-day overnight loans from the UAE Central Bank. Eligible assets that can be used as collateral must be tradeable and include bonds, sukuk and securities issued by the UAE federal government or government-related entities in individual Emirates, as well as by UAE banks and corporations. Securities issued by foreign governments, banks, corporates and supranational agencies can also be used as collateral, but must carry a minimum 'A' credit rating from one of the three main international rating agencies. Banks accessing the IMLF must borrow a minimum of AED 10 million and will be charged 100 basis points over the official UAE "Repo Rate".

Position of Depositors

There is no formal deposit protection scheme in the UAE. While no bank has, so far, been permitted to fail, during the 1980s and early 1990s a number were restructured by the relevant government authorities. In October 2008, in response to the global financial crisis, the UAE federal government announced that it intended to guarantee the deposits of all UAE banks and foreign banks with core operations in the UAE. Following therefrom, in May 2009 the UAE's National Federal Council approved a draft law guaranteeing federal deposits. However, until such time as the law is passed, there is no guaranteed government support.

Prudential Regulations

The UAE Central Bank has supervisory responsibility for banking institutions in the UAE. Supervision is carried out through on-site inspections and review of periodic submissions from the banks. The frequency of inspection depends on the perceived risk of the bank, but inspections are carried out in all banks at least once every 18 months. Prudential returns are made monthly, quarterly, semi-annually or annually, depending on the nature of the information they contain. An improved risk management framework has been implemented, aimed at providing the UAE Central Bank with more up to date information on credit, market and operational risks within the banking sector.

Capital Adequacy

All banks are required to follow the principles of the Basel accord in calculating their capital adequacy ratios. Basel II was introduced effective 17 November 2009 by way of UAE Central Bank Circular Number 27/2009. Since 1993, the UAE Central Bank had imposed a 10 per cent. minimum total capital ratio on all UAE banks. In a circular dated 30 August 2009, the UAE Central Bank announced amendments to its capital adequacy requirements, such that UAE banks were required to have a total capital adequacy ratio of at least 11 per cent., with a Tier I ratio of not less than 7 per cent., by 30 September 2009. Furthermore, the UAE Central Bank required banks operating in the UAE to increase their Tier 1 capital adequacy ratio to at least 8 per cent., with a minimum total capital adequacy ratio of at least 12 per cent., by 30 June 2010. Thereafter, through its circular dated 17 November 2009 introducing Basel II, the UAE Central Bank stated that it was expected that the main banks in the UAE would move to the Foundation Internal Rating Based approach under Basel II in due course. Through this circular, the UAE Central Bank reiterated that all banks operating in the UAE were required to maintain a minimum capital adequacy ratio of 11 per cent. at all times, increasing to 12 per cent. by 30 June 2010 and also laid out its expectations in relation to Pillar II and Pillar III of the Basel II framework. Profits for the current period, goodwill, other intangibles, unrealised gains on investments and any shortfall in loan loss provisions are deducted from regulatory capital.

Whilst the calculation of capital adequacy ratios in the UAE follows the Bank of International Settlements guidelines, claims on or guaranteed by GCC central governments and central banks are risk-weighted at zero per cent or one grade less favourable in case of claims in foreign currency and claims on GCC government non-commercial public sector entities are risk-weighted at zero per cent or one grade less favourable in case of claims in foreign currency. Under the Union Law, banks are required to transfer 10 per cent. of profit each year into a statutory reserve until this reaches 50 per cent. of capital. Distributions cannot be made from this reserve, except in special legally defined circumstances. All dividends paid by UAE banks have to be authorised in advance by the UAE Central Bank.

The Basel Committee has put forward a number of fundamental reforms to the regulatory capital framework for internationally active banks. On 16 December 2010 and on 13 January 2011, the Basel Committee issued the Basel III Reforms, constituting guidance on the eligibility criteria for Tier I and Tier II capital instruments as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. The implementation of the Basel III reforms began on 1 January 2013. However, the requirements are subject to a series of transitional arrangements and will be phased in over a period of time. The Basel Committee's press release dated 13 January 2011 entitled "Minimum requirements to ensure loss absorbency at the point of non-viability" (the "**January 2011 Press Release**") included an additional Basel III requirement (the "**Non-Viability Requirement**") as follows:

"The terms and conditions of all non-common Tier I and Tier II instruments issued by an internationally active bank must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into common equity upon the occurrence of the trigger event unless:

- (a) the governing jurisdiction of the bank has in place laws that:
 - (i) require such Tier I and Tier II instruments to be written off upon such event; or
 - (ii) otherwise require such instruments to fully absorb losses before tax payers are exposed to loss;
- (b) a peer group review confirms that the jurisdiction conforms with clause (a); and
- (c) it is disclosed by the relevant regulator and by the issuing bank, in issuance documents going forward, that such instruments are subject to loss under clause (a).

The trigger event is the earlier of: (1) a decision that a write-off, without which the firm would become non-viable, is necessary, as determined by the relevant authority; and (2) the decision to make a public sector injection of capital, or equivalent support, without which the firm would have become non-viable, as determined by the relevant authority."

The January 2011 Press Release states that instruments issued after 1 January 2013 must meet the Non-Viability Requirement in order to be recognised as Tier I or Tier II instruments for regulatory capital purposes. The recognition of instruments issued before 1 January 2013 which do not meet these requirements will be phased out from 1 January 2013. As at the date of this Offering Memorandum, the UAE Central Bank has (as set out in its Financial Stability Report for 2014) commenced the process of updating its regulatory framework in line with Basel III principles and international best practice. However, as at the date of this Offering Memorandum, there has been no official proposal for the implementation of the Non-Viability Requirement in the UAE. In the absence of new UAE legislation or such a confirmation, the terms and conditions of the Notes may still need to provide for the Non-Viability Requirement in order to qualify as regulatory capital under Basel III. See "*Risk Factors – Risks relating to Notes generally – Basel III Reforms – Future UAE legislation on loss absorbency at the point of non-viability may have adverse effects for Noteholders*".

In May 2016, the UAE Central Bank published a draft consultation document entitled "Capital Adequacy Regulation" (the "**Consultation Document**"), detailing the Basel III requirements expected to be followed by banks operating in the UAE, once the applicable legislation has been implemented in the UAE. In particular, the Consultation Document outlines the general quantitative requirements expected to be followed by UAE banks, with regards to Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital ("**Regulatory Capital**"). It also outlines, amongst other things, the Regulatory Capital ratios that UAE banks will be expected to follow and adhere to, the individual UAE bank minimum capital conservation standards and the required disclosure standards expected to be made available by UAE banks with respect to Regulatory Capital.

Reserve Requirements

Reserve requirements are used by the UAE Central Bank as a means of prudential supervision and to control credit expansion. The reserve requirements are 1 per cent. for term deposits and 14 per cent. for all other customer balances.

Credit Controls

Banks are required by the UAE Central Bank to establish credit policies and procedures commensurate with their size and activities. They must also have a proper credit assessment and approval process and adequate controls in place to monitor credit concentrations to, among others, individual borrowers, economic sectors and foreign countries.

The UAE Central Bank's Retail Circular introduced regulations regarding bank loans and other services offered to individual customers. These regulations, among other things, impose maximum loan/income and loan to value ratios for retail products. For example, the regulations require that the amount of any personal consumer loan shall not exceed 20 times the salary or total income of the borrower with the repayment period not exceeding 48 months. These regulations may be amended in the future in

accordance with the Mortgage Regulations (which were published in the Official Gazette on 28 November 2013 and entered into force on 28 December 2013, superseding UAE Central Bank notice no. 3871/2012 dated 30 December 2012), which specifies that the amount of mortgage loans for non-UAE nationals should not exceed 75 per cent. of the property value for a first purchase of a home (with a value of less than or equal to AED 5 million), 65 per cent. of the property value for a first purchase of a home (with a value greater than AED 5 million) and 60 per cent. of the property value (irrespective of the value of the property) for second and subsequent homes. For UAE nationals, the corresponding limits are set at 80 per cent. in respect of a first purchase of a home with a value less than or equal to AED 5 million, 70 per cent. for a first home with a value greater than AED 5 million and 65 per cent. of the property value for a second or subsequent purchase (irrespective of the value of the property).

Large Exposures

The UAE Central Bank defines large exposures as any funded or unfunded exposures (less provisions, cash collaterals and deposits under lien) to a single borrower or group of related borrowers exceeding prescribed limits. The large exposure limits (defined as a percentage of the bank's capital base) were previously as follows:

- to a single borrower or group of borrowers – 7 per cent.;
- to a shareholder of the bank holding more than 5 per cent. of the bank's capital – 7 per cent.;
- overseas interbank exposures – 30 per cent. (UAE interbank exposures are subject to a 25 per cent. limit if their maturity is over one year, otherwise they are exempt from the regulations);
- to the bank's parent company, subsidiaries or affiliates – 20 per cent. (60 per cent. for all such exposures in aggregate); and
- to board members – 5 per cent. (25 per cent. for all such exposures in aggregate).

On 11 November 2013, the UAE Central Bank published the Large Exposure Notice amending certain of the large exposure limits set out above. The Large Exposure Notice was published in the Official Gazette on 30 December 2013 and entered into force on 30 January 2014. The Large Exposure Notice introduced new limits of 100 per cent. of the bank's capital base for all lending to UAE local governments and their non-commercial entities, together with a 25 per cent. limit to any single such non-commercial entity. Exposures above these limits are subject to approval by the UAE Central Bank. Set out below is a table showing a summary of the changes introduced by the Large Exposure Notice (defined as a percentage of the bank's capital base calculated under Basel II):

	Individual	New Limit Aggregate	Old Limit Individual	Aggregate
UAE federal government and their non-commercial entities	Exempt No cap for UAE local government; 25% for each non- commercial entity	Exempt	Exempt	Exempt
UAE local government and their non-commercial entities	25%	100%	Exempt	Exempt
Commercial entities of UAE federal government and UAE local government	25% max	None	7%	None
Commercial or other (non-commercial) private sector entities and individuals.....	20%	50%	7%	None
Shareholders who own 5 per cent. or more of the bank's capital and related entities	10%	25%	20%	60%
Exposure to bank's subsidiaries and affiliates	5%	25%	5%	25%
Board members.....				

Provisions for Loan Losses

The UAE Central Bank stipulates that non-performing credits should be classified as either substandard, doubtful or loss depending on the likelihood of recovery, with provisions charged at a minimum of 25 per cent., 50 per cent. and 100 per cent. on the relevant amount (net of any eligible credit protection), respectively. Any retail and consumer loans with either interest or principal in arrears by more than 90 days must be placed on a non-accrual basis and classified as non-performing. In addition, pursuant to Circular 28/2010 concerning regulations for classification of loans and their provisions issued by the

UAE Central Bank on 11 November 2010, all banks in the UAE are required to make general provisions for unclassified loans and advances equal to 1.5 per cent. of their risk-weighted assets by 2014. In practice, several banks operate more stringent policies and place loans on a non-accrual basis as soon as their recovery is in doubt.

Banks in the UAE generally do not write off non-performing loans from their books until all legal avenues of recovery have been exhausted. This factor tends to inflate the level of impaired loans and/or financings carried on the balance sheets of UAE banks when compared to banks operating in other economies.

Establishing a Credit Bureau in the UAE

Al Etihad Credit Bureau ("**AECB**") is a federal government company specialised in providing UAE-based credit reports and other financial information. AECB commenced operations in 2014 upon receiving formal approval from the UAE Cabinet of its regulations and its charges for producing credit reports. AECB has approached all UAE-based banks to sign data sharing agreements to enable the provision of customer credit information, with the majority having entered into such agreements and/or made successful initial data submissions to AECB by the time AECB commenced operations. As at the date of this Offering Memorandum, the Issuer has entered into a data and credit information supply agreement with AECB.

The implementation of regulations for the sharing of credit report data and the commercial operation of the UAE's first credit bureau is expected to reduce the risk involved in the origination of customer lending and banking business generally.

TAXATION

UK Taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("HMRC") which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring holding or disposing of Notes. The comments are made on the assumption that the Issuer of the Notes is not resident in the United Kingdom for United Kingdom tax purposes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes.. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Pricing Supplement may affect the tax treatment of that and other series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution.

It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects or payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

Provided that the interest on the Notes does not have a United Kingdom source, interest on the Notes may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax. The location of the source of a payment is a complex matter. It is necessary to have regard to case law and HMRC practice. Case law has established that in determining the source of interest, all relevant factors must be taken into account. HMRC has indicated that the most important factors in determining the source of a payment are those which influence where a creditor would sue for payment, and has stated that the place where the Issuer does business, and the place where its assets are located, are the most important factors in this regard; however HMRC has also indicated that, depending on the circumstances, other relevant factors may include the place where the interest and principal are payable, the method of payment, the governing law of the Notes and the competent jurisdiction for any legal action, the location of any security for the Issuer's obligations under the Notes, and similar factors relating to any guarantee.

Interest which has a United Kingdom source ("UK interest") may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of which the UK interest is paid are issued for a term of less than one year (and are not issued under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more).

UK interest on Notes issued for a term of one year or more (or under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more) may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of which the UK interest is paid constitute "quoted Eurobonds". Notes which carry a right to interest will constitute quoted Eurobonds provided they are and continue to be listed on a recognised stock exchange. Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The Irish Stock Exchange is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the Global Exchange Market of the Irish Stock Exchange may be regarded as "listed on a recognised stock exchange" for these purposes.

In all other cases, UK interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20%) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Any payments made by under the Deed of Covenant may not qualify for the exemptions from UK withholding tax described above.

Notes may be issued at an issue price of less than 100 per cent of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above.

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above.

Where interest has been paid under deduction of United Kingdom income tax, Holders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" above means "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the Conditions or any related documentation. Where a payment on a Note does not constitute (or is not treated as) interest for United Kingdom tax purposes, and the payment has a United Kingdom source, it would potentially be subject to United Kingdom withholding tax if, for example, it constitutes (or is treated as) an annual payment or a manufactured payment for United Kingdom tax purposes (which will be determined by, amongst other things, the terms and conditions specified by the Pricing Supplement for the Note). In such a case, the payment may fall to be made under deduction of United Kingdom tax (the rate of withholding depending on the nature of the payment), subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

United Arab Emirates Taxation

The following summary of the anticipated tax treatment in the UAE in relation to payments on the Notes is based on the taxation law in force at the date of this Offering Memorandum, and does not constitute legal or tax advice. Prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change.

There is currently in force in the emirates of Abu Dhabi and Dubai legislation establishing a general corporate taxation regime (the Abu Dhabi Income Tax Decree 1965 (as amended)). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE or Abu Dhabi taxation in respect of payments of interest or principal on debt securities (including the Notes). In the event of the imposition of any such withholding, the Issuer has undertaken to gross-up any payments subject as described under Condition 8 (Taxation) of the Conditions.#

The Constitution of the UAE specifically reserves to the UAE Federal Government the right to raise taxes on a federal basis for purposes of funding its budget. It is not known whether this right will be exercised in the future.

The UAE have entered into "Double Taxation Arrangements" with certain other countries, but these are not extensive in number.

THE PROPOSED FINANCIAL TRANSACTIONS TAX

On 14 February 2013, the European Commission published a proposal (the "Commission's Proposal") for a Directive for a common financial transactions tax (the "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 the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under 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. It may therefore be altered prior to implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

FATCA imposes a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to any non-U.S. financial institution (a "**foreign financial institution**", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA; and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer is classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2019. This withholding would potentially apply to payments in respect of: (i) any 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 after the "grandfathering date", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on the grandfathering date; and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "Reporting FI" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "FATCA Withholding") from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS.

The United States and the UAE have reached an agreement in substance on the terms of the IGA based largely on the Model 1 IGA. Until the United States and the UAE sign an IGA (the "**US-UAE IGA**"), the UAE will be treated as having a Model 1 IGA in effect provided that it remains on the IRS list of jurisdictions that have reached agreement in substance on the terms of an IGA. The U.S. Treasury will review this list on a monthly basis to determine whether each jurisdiction will continue to be treated as having an IGA in effect.

If the Issuer is treated as a Reporting FI pursuant to the US-UAE IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. The Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and Euroclear and/or Clearstream Luxembourg, given that each of the entities in the payment chain beginning with the Issuer and ending with the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

SUBSCRIPTION AND SALE

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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 United States Treasury regulations promulgated thereunder.

Each Dealer appointed under the Programme will be required to agree that, except as otherwise agreed by the Issuer, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Fiscal Agent, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. The Pricing Supplement will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable. Terms used in this paragraph have the same meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

European Economic Area

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area (each, a "**Relevant Member State**"), each Dealer appointed under the Programme will be required to represent, warrant 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 Offering Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date but subject always to "Prohibition on Sales to EEA Retail Investors" below, make an offer of Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) 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
- (c) 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 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 (which includes the amendments made by Directive 2010/73/EU), and includes any relevant implementing measure in a Relevant Member State.

Prohibition of Sales to EEA Retail Investors

Each 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 Offering Memorandum as completed by the pricing supplement 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 Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC, 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 (as defined above); 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.

United Kingdom

Each Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any such Notes in, from or otherwise involving the United Kingdom.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered to any person in the Dubai International Financial Centre (the "**DIFC**") unless such offer is: (a) an "**Exempt Offer**" in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the "**DFSA**"); and (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module of the DFSA Rulebook.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires Notes pursuant to any offering should note that the offer of Notes is a private placement under Article 10 or Article 11 of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the "**KSA Regulations**") through a person authorised by the Capital Market Authority ("**CMA**") to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations.

The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "sophisticated investors" under Article 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations. Each Dealer appointed under the Programme will be required to represent and agree, that any offer of the Notes will comply with the KSA Regulations.

Each offer of Notes shall not therefore constitute a "public offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Notes pursuant to a private placement under Article 10 or Article 11 of the KSA Regulations may not offer or sell those Notes to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA and: (a) the Notes are offered or sold to a Sophisticated Investor; (b) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyal 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Kingdom of Bahrain

Each Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell any Notes except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

- (i) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more;
- (ii) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (iii) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Hong Kong

Each Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the "**SFO**") other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; 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 (the "**C(WUMPO)**") or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

The PRC (excluding Hong Kong, Macau and Taiwan)

Each Dealer appointed under the Programme will be required to represent and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the PRC (excluding Hong Kong, Macau and Taiwan) as part of the initial distribution of the Notes.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the Act No. 25 of 1948, as amended; the "**FIEA**") and each Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan,

except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Ireland

Each Dealer appointed under the Programme will be required to represent and agree that:

- (i) it will not underwrite the issue of, or place, the Notes otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended, the "**MiFID Regulations**") including, without limitation, Regulations 7 (Authorisation) and 152 (Restrictions on advertising) thereof, any codes of conduct made under the MiFID Regulations, and the provisions of the Investor Compensation Act 1998 (as amended);
- (ii) it will not underwrite the issue of, or place, the Notes otherwise than in conformity with the provisions of 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); and
- (iii) it will not underwrite the issue of, place or otherwise act in Ireland in respect of, the Notes otherwise than in conformity with the Market Abuse Regulation (EU 596/2014) (as amended) and any rules and guidance issued by the Central Bank of Ireland under Section 1370 of the Companies Act.

Republic of Korea

The Notes have not been and will not be registered under the Financial Investment Services and Capital Markets Act of the Republic of Korea (the "**FSCMA**"). Accordingly, each Dealer severally but not jointly 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 and will not be offered, sold or delivered, directly or indirectly, in the Republic of Korea or to or for the account or benefit of any Korean resident (as such term is defined in the Foreign Exchange Transaction Law of the Republic of Korea and its Enforcement Decree) except as otherwise permitted under applicable Korean laws and regulations. Furthermore, a holder of the Notes will be prohibited from offering, delivering or selling any Notes, directly or indirectly, in the Republic of Korea or to any Korean resident for a period of one year from the date of issuance of the Notes except (i) in the case where the Notes are issued as bonds other than equity-linked bonds, such as convertible bonds, bonds with warrants and exchangeable bonds, and where the other relevant requirements are further satisfied, the Notes may be offered, sold or delivered to or for the account or benefit of a Korean resident which falls within certain categories of qualified institutional investors as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure, or (ii) as otherwise permitted under applicable Korean laws and regulations. Each Dealer severally but not jointly undertakes, and each further Dealer appointed under the Programme will be required to undertake, to use commercially reasonable best measures as a Dealer in the ordinary course of its business so that any securities dealer to which it sells the Notes confirms that it is purchasing such Notes as principal and agrees with such Dealer that it will comply with the restrictions described above.

Taiwan

The Notes have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan and/or other regulatory authority of Taiwan pursuant to relevant securities laws and regulations of Taiwan and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority of Taiwan. No person or entity in Taiwan has been authorised to offer or sell the Notes in Taiwan.

France

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 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, this Offering Memorandum, the relevant Pricing Supplement 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 to qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

Belgium

Belgium has implemented the Prospectus Directive and the section headed "Public Offer Selling Restriction under the Prospectus Directive" above is applicable.

This Offering Memorandum has not been submitted for approval to the Belgian Financial Services and Markets Authority. Accordingly, Notes that have a maturity of less than 12 months and qualify as money market instruments (and that therefore fall outside the scope of the Prospectus Directive) may not be distributed in Belgium by way of a public offering, as defined for the purposes of the law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets (as amended from time to time).

Switzerland

The Notes do not qualify as interests in a collective investment scheme according to the Swiss Federal Act on Collective Investment Schemes of 23 June 2006, as amended ("**CISA**") and its implementing ordinance. Neither this Offering Memorandum nor any other offering or marketing material relating to the offering, nor the Issuer nor the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA ("**FINMA**"), and investors in the Notes will not benefit from protection provided under the CISA or supervision by such authority.

The documentation of the Notes may, in or from Switzerland, only be provided to qualified investors as defined in the CISA and its implementing ordinance ("**Qualified Investors**").

This Offering Memorandum does not constitute a simplified prospectus for structured products pursuant to art. 5 par. 1 lit. b of the CISA and may therefore not include all the information that is foreseen therein.

This Offering Memorandum does not constitute an issuance prospectus pursuant to art. 652a or 1156 of the Swiss Code of Obligations and may not comply with the information standards required thereunder.

The Notes will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland, and consequently, the information presented in this Offering Memorandum does not necessarily comply with the information standards set out in the relevant listing rules.

This Offering Memorandum does not constitute investment advice. It may only be used by those persons to whom it has been conveyed in connection with the Notes and may neither be copied nor directly or indirectly distributed or made available to other persons.

Liechtenstein

Each Dealer appointed under the Programme will be required to represent and agree that it has not made and will not make an offer of Notes to be issued under the Programme to the public in Liechtenstein except that it may make an offer of Notes to the public in Liechtenstein:

- (i) at any time to any legal entity that is a qualified investor as defined in Art. 3 (1)(g) of the Wertpapierprospektgesetz (Securities Prospectus Act) of 23 May 2007 (the "**WPPG**");
- (ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Art. 3 (1)(g) WPPG) under the condition that, if more than one Dealer is appointed under the Programme, the total number of offers of Notes made to natural or legal persons in Liechtenstein is less than 150; and
- (iii) at any time in any other circumstances falling in the scope of Art. 5 (1) WPPG.

An offer to the public in Liechtenstein in relation to the Notes to be issued under the Programme 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.

Grand-Duchy of Luxembourg

Each of the Dealers appointed under the Programme will be required to represent and agree, that the Notes may not be offered or sold to the public within the territory of the Grand-Duchy of Luxembourg unless:

- (i) a prospectus has been duly approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") pursuant to part II of the Luxembourg law dated 10 July 2005 on prospectuses for securities, as amended (the "**Luxembourg Prospectus Law**"), implementing the Prospectus Directive as amended from time to time, if Luxembourg is the home Member State as defined under the Luxembourg Prospectus Law; or
- (ii) if Luxembourg is not the home Member State, the CSSF has been provided by the competent authority in the home Member State with a certificate of approval attesting that a prospectus in relation to the Notes has been drawn up in accordance with the Prospectus Directive and with a copy of the said prospectus; or
- (iii) the offer of the Notes benefits from an exemption from or constitutes a transaction not subject to, the requirement to publish a prospectus pursuant to the Luxembourg Prospectus Law.

The Notes with a maturity of less than 12 months that may qualify as securities and money market instruments in accordance with article 4 2. j) of the Luxembourg Prospectus Law may not be offered or sold to the public within the territory of the Grand-Duchy of Luxembourg unless:

- (i) a simplified prospectus has been duly approved by the CSSF pursuant to part III of the Luxembourg Prospectus Law; or
- (ii) the offer benefits from an exemption to or constitutes a transaction not subject to, the requirement to publish a simplified prospectus under part III of the Luxembourg Prospectus Law.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**"). Accordingly, 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 or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

General

These selling restrictions may be modified by the agreement of the Issuer and any relevant Dealer following a change in a relevant law, regulation or directive. Any such modification will be set out in the relevant subscription agreement or in a supplement to this Offering Memorandum.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Memorandum or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer appointed under the Programme will be required to agree, that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Memorandum, any other offering material or any Pricing Supplement and neither the Issuer nor any other Dealer shall have responsibility therefor.

With regard to each Tranche, a 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 Pricing Supplement.

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes, whatever the denomination of those Notes, issued under the Programme.

NO BASE PROSPECTUS IS REQUIRED TO BE PROVIDED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC, AS AMENDED (WHICH INCLUDES THE AMENDMENTS MADE BY DIRECTIVE 2010/73/EC) AND INCLUDING ANY RELEVANT IMPLEMENTING MEASURE IN A RELEVANT MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (THE "PROSPECTUS DIRECTIVE") FOR THE ISSUE OF NOTES DESCRIBED BELOW AND AS SUCH THE NOTES ISSUED AS DESCRIBED BELOW ARE NOT REQUIRED TO, AND DO NOT COMPLY WITH DIRECTIVE 2003/71/EC AS SO AMENDED. THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THE INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT.

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 ("MIFID II"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC, 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. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE 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.

Pricing Supplement dated [•]

National Bank of Abu Dhabi P.J.S.C.

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

under the

U.S.\$2,000,000,000

Structured Note Programme

PART A – CONTRACTUAL TERMS

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or 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.

This document constitutes the Pricing Supplement for the Notes described herein and must be read in conjunction with the Offering Memorandum dated 15 February 2017 [and the supplement[s] to it dated [date] [and [date]] (the "**Offering Memorandum**"). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Memorandum. Copies of the Offering Memorandum may be obtained from National Bank of Abu Dhabi P.J.S.C., One NBAD Tower, Sheikh Khalifa Street, P.O. Box 4 Abu Dhabi, United Arab Emirates.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Memorandum dated 15 February 2017.

1 Issuer:

National Bank of Abu Dhabi P.J.S.C.

- 2 (i) Series Number: [•]
- (ii) Tranche Number: [•]
- (iii) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [26] below, which is expected to occur on or about [*date*]]][Not Applicable]
3. Specified Currency or Currencies: [•]
4. Aggregate Nominal Amount: [•]
- (i) Series: [•]
- (ii) Tranche: [•]
5. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]]
6. Specified Denominations: [•]
- [Where Notes and multiple denomination above €100,000 (or equivalent amount in another currency) are being used, the following sample wording should be followed:*
- [€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Definitive Notes will be issued with a denomination above [€199,000].]
7. (i) Issue Date: [•]
- (ii) Interest Commencement Date: [•]/[Issue Date]/[Not Applicable]
8. Maturity Date: [•]
9. Interest Basis: [[•] per cent. Fixed Rate]
[[•] month [LIBOR/EURIBOR/EIBOR] +/- [•] per cent. Floating Rate]
[Zero Coupon]
[Equity Linked Interest]
[FX Linked Interest]
(see paragraph [13]/[14]/[15]/[16]/[17] below)
10. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount]
[Credit Linked Redemption]
[Equity Linked Redemption]
[FX Linked Redemption]
[Other (*specify*)]
(see paragraph [23]/[24]/[25] below)
11. Change of Interest Basis: [•][Not Applicable]
12. Put/Call Options: [Investor Put]

[Issuer Call]
[(see paragraph [18]/[19]/[20] below)]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (i) Rate(s) of Interest: [•] per cent. per annum payable in arrear on each Interest Payment Date
 - (ii) Interest Payment Date(s): [•] [and [•]] in each year up to and including the Maturity Date
 - (iii) Fixed Coupon Amount(s): [[•] per [•] in Nominal Amount][Not Applicable]
 - (iv) Broken Amount(s): [[•] per [•] in Nominal Amount, payable on the Interest Payment Date falling [in/on] [•]][Not Applicable]
 - (v) Day Count Fraction: [30/360] [Actual/Actual (ICMA/ISDA)] [Actual/365 (Fixed)]
 - (vi) Determination Date(s): [[•] in each year][Not Applicable]
 - (vii) Business Day Convention: [Not Applicable] [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
 - (viii) Others terms relating to the method of calculating interest for Fixed Rate Notes: [•][Not Applicable]
14. Floating Rate Note Provisions [Applicable/Not Applicable]
- (i) Interest Period(s): [•]
 - (ii) Specified Interest Payment Dates: [•], subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]
 - (iii) First Interest Payment Date: [•][Issue Date]
 - (iv) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
 - (v) Business Centre(s): [•][Not Applicable]
 - (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
 - (vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Agent): [•][Not Applicable]
 - (viii) Screen Rate Determination:
 - Reference Rate: [•] month [LIBOR/EURIBOR/EIBOR]

	– Interest Determination Date(s):	[•]
	– Relevant Screen Page:	[•]
(ix)	ISDA Determination:	
	– Floating Rate Option:	[•]
	– Designated Maturity:	[•]
	– Reset Date:	[•]
(x)	Linear Interpolation:	[Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(xi)	Margin(s):	[[+/-] [•] per cent. per annum][Not Applicable]
(xii)	Minimum Rate of Interest:	[[•] per cent. per annum][Not Applicable]
(xiii)	Maximum Rate of Interest:	[[•] per cent. per annum][Not Applicable]
(xiv)	Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)]
(xv)	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[•][Not Applicable]
15.	Zero Coupon Note Provisions	[Applicable/Not Applicable]
	(i) Amortisation Yield:	[•] per cent. per annum
	(ii) Any other formula/basis of determining amount payable for Zero Coupon Notes:	[•][Not Applicable]
16.	Equity Linked Interest Note Provisions (Annex 3)	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub paragraphs of this paragraph)</i>
	(A) [Single Share Notes]/[Share Basket Notes]:	[Applicable/Not Applicable] <i>(If not applicable, delete sub paragraph (A))</i>
	(i) Whether the Notes relate to a single share or a basket of shares (each, a "Share") and the identity of the relevant issuer(s) and class of the Share (each, a "Share Issuer"):	[Single Share Notes]/[Share Basket Notes] (a) Share/Shares: [•] (ISIN: [•]) (b) Share Issuer(s): [•] <i>(insert (c) and (d) below for depositary receipts)</i> (c) Underlying Share/Shares: (ISIN: [•]) (d) Underlying Share Issuer(s): [•]

(ii)	Partial Lookthrough Depositary Receipt Provisions:	[Applicable/Not Applicable]
(iii)	Full Lookthrough Depositary Receipt Provisions:	[Applicable/Not Applicable]
(iv)	Exchange(s):	[•]
(v)	Related Exchange(s):	[•][None specified]
(vi)	Weighting for each Share comprising the Basket of Shares:	[[•] (<i>insert details</i>)/Not Applicable]
(vii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s):	[Calculation Agent]
(viii)	Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculated by reference to one or more Shares:	[•]
(ix)	Provisions for determining the Rate(s) of Interest and/or Interest Amount(s) where calculation by reference to one or more Shares is impossible or impracticable or otherwise disrupted:	[•] <i>(Include a description of market disruption or settlement disruption events and adjustment provisions)</i>
(x)	Interest Determination Date(s):	[•]
(xi)	Interest Period:	[As set out in Condition [4(h)]]/[Unadjusted] <i>(Insert "Unadjusted" if the application of the relevant Business Day Convention is not intended to affect the Interest Period)</i>
(xii)	Specified Interest Payment Dates:	[•]
(xiii)	Averaging Date(s):	[Applicable/Not Applicable]
(xiv)	Averaging Date Disruption:	[Omission/Postponement/Modified Postponement]
(xv)	Maximum Number of Disrupted Days:	[•]
(xvi)	Valuation Date(s):	[•]
(xvii)	Valuation Time(s):	[•]
(xviii)	Additional Disruption Events:	[Not Applicable] [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [Loss of Stock Borrow] [Increased Cost of Stock Borrow] [Other (<i>Specify</i>)]
(xix)	Share Substitution:	[Applicable/Not Applicable]

(Specify substitution criteria)

- (xx) Knock-In Event: [Applicable/Not Applicable]
[Reference Level: [•]
Knock-In Level/Range: [•]
Knock-In Valuation Time: [•]
Knock-In Determination Day(s)/Period(s): [•]]
- (xxi) Knock-out Event: [Applicable/Not Applicable]
[Reference Level: [•]
Knock-Out Level/Range: [•]
Knock-Out Valuation Time: [•]
Knock-Out Determination Day(s)/Period(s): [•]]
- (xxiii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment/ other (*give details*)]
- (xxiv) Additional Business Centre(s): [•]
- (xxv) Minimum Rate/Amount of Interest: [[•] per cent. per annum][Not Applicable]
- (xxvi) Maximum Rate/Amount of Interest: [[•] per cent. per annum][Not Applicable]
- (xxvii) Day Count Fraction: [•]
- (xxviii) Other special terms and conditions: [•]
- (B) [Single Index Notes]/[Index Basket Notes]: [Applicable/Not Applicable]
(If not applicable, delete sub paragraph (B))
- (i) Whether the Notes relate to a single index or a basket of indices (each, an "**Index**") and the identity of the Sponsor of an Index (each, an "**Index Issuer**"): [Single Index Notes]/[Index Basket Notes]
[•], sponsored by [•]
(Bloomberg®code: [•])
(Specify Index/Indices/Index Sponsors)
- (ii) Exchange[s]: [•][Multi-Exchange is applicable]
(Specify Exchange, or Multi-Exchange Index in relation to each Index)
- (iii) Related Exchange[s]: [•][None specified]
- (iv) Weighting for each Index comprising the Basket of Indices: [[•] (*insert details*)/Not Applicable]
- (v) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): [Calculation Agent]
- (vi) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculated by reference to one or more Indices: [•]

- (vii) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculation by reference to one or more Indices is impossible or impracticable or otherwise disrupted: [•]
(Include a description of market disruption or settlement disruption events and adjustment provisions)
- (viii) Interest Determination Date(s): [•]
- (ix) Interest Period: [As set out in Condition [4(h)]]/[Unadjusted]
(Insert "Unadjusted" if the application of the relevant Business Day Convention is not intended to affect the Interest Period)
- (x) Specified Interest Payment Dates: [•]
- (xi) Averaging Date: [Applicable/Not Applicable]
- (xii) Averaging Date Disruption: [Omission/Postponement/Modified Postponement]
- (xiii) Maximum Number of Disrupted Days: [•]
- (xiv) Valuation Date(s): [•]
- (xv) Valuation Time(s): [•]
- (xvi) Additional Disruption Events: [Not Applicable]
[Change in Law]
[Hedging Disruption]
[Increased Cost of Hedging]
[Loss of Stock Borrow]
[Increased Cost of Stock Borrow]
[Other (*Specify*)]
- (xvii) [Share Substitution: [Applicable/Not Applicable]
(Specify substitution criteria)]
- (xviii) Knock-In Event: [Applicable/Not Applicable]
[Reference Level: [•]
Knock-In Level/Range: [•]
Knock-In Valuation Time: [•]
Knock-In Determination Day(s)/Period(s): [•]]
- (xix) Knock-out Event: [Applicable/Not Applicable]
[Reference Level: [•]
Knock-Out Level/Range: [•]
Knock-Out Valuation Time: [•]
Knock-Out Determination Day(s)/Period(s): [•]]
- (xx) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment/ other (*give details*)]

- (xxi) Additional Business Centre(s): [•]
- (xxii) Minimum Rate/ Amount of Interest: [[•] per cent. per annum][Not Applicable]
- (xxiii) Maximum Rate/ Amount of Interest: [[•] per cent. per annum][Not Applicable]
- (xxiv) Day Count Fraction: [•]
- (xxv) Other special terms and conditions: [•]
17. FX Linked Interest Note Provisions [Applicable/Not Applicable]
(Annex 4)
- (If not applicable, delete the remaining sub paragraphs of this paragraph)*
- (i) Settlement Currency: [•]
- (ii) Reference Currency: [•]
- (iii) (a) Valuation Date: [•]
(b) Valuation Time: [•]
- (iv) Settlement Rate: [•]
- (v) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): [Calculation Agent]
- (vi) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculated by reference to other variable: [•]
- (vii) Provisions for determining Rates of Interest and/or Interest Amount(s) where calculation by reference to other variable is impossible or impracticable or otherwise disrupted: [•]
(Include a descriptions of market disruption or settlement disruption events and adjustment provisions)
- (viii) Interest Determination Date(s): [•]
- (ix) Interest Period: [As set out in Condition [4(h)]]/[Unadjusted]
(Insert "Unadjusted" if the application of the relevant Business Day Convention is not intended to affect the Interest Period)
- (x) Specified Interest Payment Dates: [•]
- (xi) Knock-In Event: [Applicable/Not Applicable]
[Reference Level: [•]
Knock-In Level/Range: [•]
Knock-In Valuation Time: [•]
Knock-In Determination Day(s)/Period(s): [•]]
- (xii) Knock-out Event: [Applicable/Not Applicable]
[Reference Level: [•]
Knock-Out Level/Range: [•]]

Knock-Out Valuation Time: [•]
Knock-Out Determination Day(s)/Period(s): [•]

- (xiii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/No Adjustment/ other (*give details*)]
- (xiv) Additional Business Centre(s): [•]
- (xv) Minimum Rate/ Amount of Interest: [[•] per cent. per annum][Not Applicable]
- (xvi) Minimum Rate/ Amount of Interest: [[•] per cent. per annum][Not Applicable]
- (xvii) Day Count Fraction: [•]
- (xviii) Other special terms and conditions: [•]

PROVISIONS RELATING TO REDEMPTION

18. Notice periods for Condition [6(c)]: Minimum period: [•] days
Maximum period: [•] days
19. Call Option: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note: [•] per Note of [•] specified denomination
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [•]
- (b) Maximum Redemption Amount: [•]
- (iv) Notice periods: Minimum period: [•] days
Maximum period: [•] days
20. Put Option: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note: [•] per Note of [•] specified denomination
- (iii) Notice periods: Minimum period: [•] days
Maximum period: [•] days
21. Final Redemption Amount of each Note: [•] per Note of [•] specified denomination
22. Early Redemption Amount(s) of each Note [[•] per Note of [•] specified denomination]/[As

	payable on redemption for taxation reasons or on event of default or other early redemption:	calculated in accordance with Condition [5(b)]
23.	Credit Linked Note Provisions (Annex 2)	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub paragraphs of this paragraph)</i>
(i)	Type of Credit Linked Note:	[Single Name CLN] [Nth-to-Default CLN] [Portfolio CLN] [Other (<i>specify</i>)]
(ii)	Trade Date:	[<i>insert</i>]
(iii)	Scheduled Maturity Date:	[<i>insert</i>]
(iv)	Interest following Scheduled Maturity Date:	[Applicable/Not Applicable] [Rate of interest (<i>specify</i>)]
(v)	CLN Business Days:	[•]
(vi)	CLN Business Day Convention:	[Following Business Day Convention] [Modified Following Business Day Convention] [Preceding Business Day Convention] [No Adjustment]
(vii)	Calculation Agent responsible for making calculations and determinations pursuant to the Credit Linked Conditions:	[•]
(viii)	Reference Entity[ies]:	[•][As set out in Part C] <i>[For Portfolio CLNs, set out the Reference Portfolio in Part C (Reference Entity, Reference Obligation, Transaction Type, Reference Entity Notional Amount, whether additional provisions (e.g. Sukuk, LPN, Monoline Insurer) apply)]</i>
(ix)	Reference Entity Notional Amount[s]:	[•][As set out in Part C]
(x)	Reference Obligation[s]:	[Standard Reference Obligation is Applicable.] [Seniority Level: [Senior Level][Subordinated Level]] [Original Non-Standard Reference Obligation: Primary Obligor: [•] Guarantor: [•] Maturity: [•] Coupon: [•] CUSIP/ISIN: [•] [As set out in Part C]

(xi)	Transaction Type[s]:	[Standard North American Corporate][Standard European Corporate][Other (<i>specify</i>)] [As set out in Part C]
(xii)	Substitution:	[Applicable][Not Applicable][<i>"Reference Obligation Only Trade" is applicable</i>] [As set out in Part C]
(xiii)	All Guarantees:	[As set out in Part C] [Applicable/Not Applicable]
(xiv)	Credit Events:	[As set out in Part C] [Bankruptcy] [Failure to Pay] – [Grace Period Extension: [Applicable/Not Applicable]] – [Grace Period: [•] (<i>specify if not the fallback definition in the Credit Linked Conditions</i>)] [Obligation Acceleration] [Obligation Default] [Repudiation/Moratorium] [Restructuring] – [Mod R [Applicable/Not Applicable]] – [Mod Mod R [Applicable/Not Applicable]] – [Multiple Holder Obligation [Applicable/ Not Applicable]] – [<i>If Reference Entity is a Sovereign: Sovereign No Asset Package Delivery</i> [Applicable/Not Applicable]] [Governmental Intervention] – [<i>If Governmental Intervention is applicable: CoCo Provisions</i> [Applicable/Not Applicable]] – [Trigger Percentage: [•]%] [Other (<i>specify</i>)]
(xv)	Credit Event Backstop Date:	[Applicable/Not Applicable]
(xvi)	For Nth-to-Default Notes only, specify N:	[•][Not Applicable]

- (xvii) Default Requirement: [•]
(Specify if not the fallback definition in the Credit Linked Conditions)
- (xviii) Payment Requirement: [●]
(Specify if not the fallback definition in the Credit Linked Conditions)
- (xix) Financial Reference Entity Terms: [Applicable – [Senior/Subordinated] Transaction is applicable]
 [Not Applicable]
- (xx) Subordinated European Insurance Terms: [Applicable/Not Applicable]
- (xxi) Notice of Publicly Available Information: [As set out in Part C]
 [Applicable/Not Applicable]
[If Applicable:
 Public Source(s): *[specify sources]*[As set out in the Credit Linked Conditions]]
- (xxii) Obligation(s):
- (a) Obligation Category: [As set out in Part C]
(select one only)
 [Payment]
 [Borrowed Money]
 [Reference Obligation Only]
 [Bond]
 [Loan]
 [Bond or Loan]
- (b) Obligation Characteristics: [As set out in Part C]
(select all of which apply)
 [Payment]
 [Not Subordinated]
 [Specified Currency: [Standard] [Other (*specify*)]]
 [Not Sovereign Lender]
 [Not Domestic Currency:]
 [Domestic Currency means: [•] (*specify currency if different from Credit Linked Conditions*)]
 [Not Domestic Law]
 [Domestic Law means: (*specify law if different from Credit Linked Conditions*)]

- [Listed]
- [Not Domestic Issuance]
- (c) Additional Obligation(s): [•]
- (d) Excluded Deliverable Obligations: [None]
- [Other (*specify*)]
- (xxiii) Additional Provisions: [*specify whether additional provisions (e.g. Sukuk, LPN, Monoline Insurer) apply*]

Settlement Provisions

- (xxiv) Settlement Method: [Cash Settlement]
[Physical Settlement]
[Auction Settlement]
- (xxv) Fallback Settlement Method: [Cash Settlement]
[Physical Settlement]
- (xxvi) Settlement Currency: [•]
- (xxvii) Settlement Deferral: [Applicable/Not Applicable]
- (xxviii) Cessation of Interest Accrual: As set out in Credit Linked Condition 3(a)(i)/(ii)
[If applicable:
Overnight Rate: [*specify details*]]
- (xxix) Merger Event: [Applicable]
[Not Applicable]
[Merger Event Redemption Date: [•]]
- (xxx) Unwind Costs: [•][*specify amount*][Standard Unwind Costs][Not Applicable]
- (xxxi) Terms relating to Cash Settlement: [Applicable/Not Applicable]
(If not applicable, delete the rest of this sub-paragraph)
- (a) Cash Settlement Amount: [[•] (*Specify amount, formula or method for determination*)]
- (b) Cash Settlement Date: [[•] CLN Business Days (*Specify method for determination*)]
- (c) Valuation Date: [Single Valuation Date:
[•] Business Days]
[Multiple Valuation Dates:

- [•] Business Days; and each
- [•] Business Days thereafter.
- Total number of Valuation Dates: [•][As specified in the Credit Linked Conditions]]
- (d) Valuation Time: [As specified in the Credit Linked Conditions]
[Other (*specify*)]
- (e) Quotation Method: [Bid/Offer/Mid-market]
- (f) Quotation Amount: [As specified in the Credit Linked Conditions]
[Other (*specify*)]
- (g) Minimum Quotation Amount: [As specified in the Credit Linked Conditions]
[Other (*specify*)]
- (h) CLN Dealers: [As specified in the Credit Linked Conditions]
[Other (*specify*)]
- (i) Valuation Method: [Market/Highest][Average Market/Highest/Average Highest]
- (j) Accrued Interest [Include Accrued Interest][Exclude Accrued Interest]
- (xxxii) Terms relating to Physical Settlement: [Applicable/Not Applicable]
(If not applicable, delete the rest of this subparagraph)
- (a) Cut-off Date: [•]
- (b) Physical Settlement Period: [[•] Business Days]
[As set out in the Credit Linked Conditions]
- (c) Asset Amount: [Include Accrued Interest][Exclude Accrued Interest]
- (d) Partial Cash Settlement of Consent Required Loans: [Applicable/Not Applicable]
- (e) Partial Cash Settlement of Assignable Loans: [Applicable/Not Applicable]
- (f) Partial Cash Settlement of Participations: [Applicable/Not Applicable]
- (g) Delivery provisions for Asset Amount if different from stated above: [•][Not Applicable]
- (h) Indicative Quotation: [Applicable/Not Applicable]
- (i) Valuation Date: [•][Not Applicable]
- (j) Valuation Time: [•][Not Applicable]

- (k) 60 CLN Business Day Cap on Settlement: [Applicable/Not Applicable]
- (l) Asset Package Delivery: [Applicable/Not Applicable]
- (xxxiii) Deliverable Obligations: [Applicable][Not Applicable][As set out in Part C]
- (a) Deliverable Obligation Category: [As set out in Part C]
(select one only) [Payment]
[Borrowed Money]
[Reference Obligation Only]
[Bond]
[Loan]
[Bond or Loan]
- (b) Deliverable Obligation Characteristics: [As set out in Part C]
(select all of which apply) [Not Subordinated]
[Specified Currency: *[specify currency]* or Standard Specified Currencies]
[Not Sovereign Lender]
[Not Domestic Currency]
[Domestic Currency means: *(specify currency if different from Credit Linked Conditions)*]
[Not Domestic Law]
[Domestic Law means: *(specify law if different from Credit Linked Conditions)*]
[Listed]
[Not Domestic Issuance]
[Assignable Loan]
[Consent Required Loan]
[Direct Loan Participation]
[Qualifying Participation Seller: *specify details*]
[Transferable]
[Maximum Maturity means: *(specify period if different from Credit Linked Conditions)*]
[Accelerated or Matured]
[Not Bearer]
- (c) Excluded Deliverable [specify if applicable][None]

Obligations:

(xxxiv)	Additional Credit Linked Note Disruption Event(s): (select all of which apply)	[Not Applicable] [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [Other (Specify)]
24.	Equity Linked Redemption Note Provisions (Annex 3)	[Applicable/Not Applicable] (If not applicable, delete the remaining sub paragraphs of this paragraph)
(A)	[Single Share Notes]/[Share Basket Notes]:	[Applicable/Not Applicable] (if not applicable, delete sub paragraph (A))
(i)	Whether the Notes relate to a single share or a basket of shares (each, a "Share") and the identity of the relevant issuer(s) and class of the Share (each, a "Share Issuer"):	[Single Share Notes]/[Share Basket Notes] (a) Share/Shares: [•] (ISIN: [•]) (b) Share Issuer(s): [•] (insert (c) and (d) below for depositary receipts) (c) Underlying Share/Shares: (ISIN: [•]) (d) Underlying Share Issuer(s): [•]
(ii)	Partial Lookthrough Depositary Receipt Provisions:	[Applicable/Not Applicable]
(iii)	Full Lookthrough Depositary Receipt Provisions:	[Applicable/Not Applicable]
(iv)	Exchange(s):	[•]
(v)	Related Exchange(s):	[•]/[None specified]
(vi)	Weighting for each Share comprising the Basket of Shares:	[[•] (insert details)/Not Applicable]
(vii)	Whether redemption of the Notes will be by Cash Settlement or Physical Settlement:	[Cash Settlement/Physical Settlement] [Other (Specify)]
(viii)	Party responsible for calculating the Final Redemption Amount:	[Calculation Agent]
(ix)	Provisions for determining Final Redemption Amount where calculation by reference to one or more Shares:	[•]
(x)	Provisions for determining Final Redemption Amount where calculation by reference to one or more Shares is impossible or impracticable or otherwise disrupted:	[•] (Include a description of market disruption or settlement disruption events and adjustment provisions)
(xi)	Averaging Date(s):	[Applicable/Not Applicable]
(xii)	Averaging Date Disruption:	[Omission/Postponement/Modified Postponement]

- (xiii) Maximum Number of Disrupted Days: [•]
- (xiv) Valuation Date(s): [•]
- (xv) Valuation Time(s): [•]
- (xvi) Delivery provisions for Shares (including details of who is to make such delivery): [•]
(only where *Physical Settlement* is applicable)
- (xvii) Additional Disruption Events: [Not Applicable]
[Change in Law]
[Hedging Disruption]
[Increased Cost of Hedging]
[Loss of Stock Borrow]
[Increased Cost of Stock Borrow]
[Other (*Specify*)]
- (xviii) Share Substitution: [Applicable/Not Applicable]
(*Specify substitution criteria*)
- (xix) Autocall Early Redemption: [Applicable/Not Applicable]
(*Insert details of Autocall Early Redemption observation dates, Autocall Early Redemption Amount, and Autocall Early Redemption Date*)
- (xx) Knock-In Event: [Applicable/Not Applicable]
[Reference Level: [•]
Knock-In Level/Range: [•]
Knock-In Valuation Time: [•]
Knock-In Determination Day(s)/Period(s): [•]]
- (xxi) Knock-out Event: [Applicable/Not Applicable]
[Reference Level: [•]
Knock-Out Level/Range: [•]
Knock-Out Valuation Time: [•]
Knock-Out Determination Day(s)/Period(s): [•]]
- (xxii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment/ other (*give details*)]
- (xxiii) Additional Business Centre(s): [•]
- (xxiv) Other special terms and conditions: [•]
- (B) [Single Index Notes]/[Index Basket Notes]: [Applicable/Not Applicable]
(*if not applicable, delete sub paragraph (B)*)
- (i) Whether the Notes relate to a single index or a basket of indices (each, an "**Index**") and the identity of the [Single Index Notes]/[Index Basket Notes]
[•], sponsored by [•]

	Sponsor of an Index (each, an "Index Issuer"):	(Bloomberg®code: [•]) (specify Index/Indices/Index Sponsors)
(ii)	Exchange[s]:	[•] / Multi-Exchange is applicable (specify Exchange, or Multi-Exchange Index in relation to each Index)
(iii)	Related Exchange[s]:	[•]/[None specified]
(iv)	Weighting for each Index:	[[•] (insert details)/Not Applicable]
(v)	Party responsible for calculating the Final Redemption Amount:	[Calculation Agent]
(vi)	Provisions for determining Final Redemption Amount where calculated by reference to one or more Indices:	[•]
(vii)	Provisions for determining Final Redemption Amount where calculation by reference to one or more Indices is impossible or impracticable or otherwise disrupted:	[•] (Include a description of market disruption or settlement disruption events and adjustment provisions)
(viii)	Averaging Date:	[Applicable/Not Applicable]
(ix)	Averaging Date Disruption:	[Omission/Postponement/Modified Postponement]
(x)	Maximum Number of Disrupted Days:	[•]
(xi)	Valuation Date(s):	[•]
(xii)	Valuation Time (s):	[•]
(xiii)	Additional Disruption Events:	[Not Applicable] [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [Loss of Stock Borrow] [Increased Cost of Stock Borrow] [Other (Specify)]
(xiv)	Share Substitution:	[Applicable/Not Applicable]
(xv)	Autocall Early Redemption:	[Applicable/Not Applicable] (Insert details of Autocall Early Redemption observation dates, Autocall Early Redemption Amount, and Autocall Early Redemption Date)
(xvi)	Knock-In Event:	[Applicable/Not Applicable] [Reference Level: [•] Knock-In Level/Range: [•] Knock-In Valuation Time: [•] Knock-In Determination Day(s)/Period(s): [•]]

(xvii)	Knock-out Event:	[Applicable/Not Applicable] [Reference Level: [•] Knock-Out Level/Range: [•] Knock-Out Valuation Time: [•] Knock-Out Determination Day(s)/Period(s): [•]]
(xviii)	Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment/ other (give details)]
(xix)	Additional Business Centre(s):	[•] per cent. per annum
(xx)	Other special terms and conditions:	[•]
25.	FX Linked Redemption Note Provisions (Annex 4)	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub paragraphs of this paragraph)</i>
(i)	Settlement Currency:	[•]
(ii)	Reference Currency:	[•]
(iii)	(a) Valuation Date:	[•]
	(b) Valuation Time:	
(iv)	Settlement Rate:	[•]
(v)	Party responsible for calculating the Final Redemption Amount:	[•]
(vi)	Provisions for determining Final Redemption Amount:	[•]
(vii)	Provisions for determining Final Redemption Amount where calculation by reference to other variable is impossible or impracticable or otherwise disrupted:	[•] <i>(Include a descriptions of market disruption or settlement disruption events and adjustment provisions)</i>
(viii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/No Adjustment/ other (give details)]
(ix)	Additional Business Centre (s):	[•]
(x)	Averaging Date:	[Applicable/Not Applicable]
(xi)	FX Disruption Events:	[Dual Exchange Rate] [General Inconvertibility] [General Non-Transferability] [Illiquidity] [Material Change in Circumstance] [Nationalisation]

- [Price Materiality]
 [Price Materiality Percentage: [•]]
 [Primary Rate: [•]]
 [Secondary Rate: [•]]
 [Price Source Disruption]
 [Reference Source: [•]]
 [Other (*specify*)]
- (xii) FX Disruption Fallbacks: [Calculation Agent Determination of Settlement Rate]
 [Fallback Reference Price]
 [Currency Reference Dealers]
 [Spot Rate:
 [Reference Currency bid exchange rate]
 [Reference Currency offer exchange rate]
 [Average of Reference Currency bid and offer exchange rates]
 [Settlement Currency bid exchange rate]
 [Settlement Currency offer exchange rate]
 [Average of Settlement Currency bid and offer exchange rates]
 [Other (*Specify*)]]
 [Specified Amount: [•]]
 [Specified Time: [•]]
- (xiii) Additional Disruption Events: [Not Applicable]
 [Change in Law]
 [Hedging Disruption]
 [Increased Cost of Hedging]
 [Other (*Specify*)]
- (xiv) Autocall Early Redemption: [Applicable/Not Applicable]

(Insert details of Autocall Early Redemption observation dates, Autocall Early Redemption Amount, and Autocall Early Redemption Date)
- (xv) Knock-In Event: [Applicable/Not Applicable]

 [Reference Level: [•]
 Knock-In Level/Range: [•]
 Knock-In Valuation Time: [•]
 Knock-In Determination Day(s)/Period(s): [•]]
- (xvi) Knock-out Event: [Applicable/Not Applicable]

 [Reference Level: [•]
 Knock-Out Level/Range: [•]
 Knock-Out Valuation Time: [•]
 Knock-Out Determination Day(s)/Period(s): [•]]
- (xvii) Other special terms and conditions: [•]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. Form of Notes: [Bearer Notes:

 [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days' notice/at any time/upon an Exchange Event as specified in the

- Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]
- [Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/upon an Exchange Event as specified in the Permanent Global Note]
- [Registered Notes;
- Registered Global Certificate registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg]
27. Financial Centre(s): [Not Applicable/[•]]
28. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made /No.]
29. RMB Settlement Centre(s): [•]/[Not Applicable]
30. RMB Currency Event: [Applicable/Not Applicable]
31. Relevant Currency for Condition [6(i)]: [•][Not Applicable]
32. Relevant Spot Rate Screen Pages for Condition [6(i)]: (i) Relevant Spot Rate Screen Page (Deliverable Basis): [•][Not Applicable]
(ii) Relevant Spot Rate Screen Page (Non-deliverable Basis): [•][Not Applicable]
33. Party responsible for calculating the Spot Rate for Condition [6(i)]: [Calculation Agent][Not Applicable]
34. Other special terms or conditions: [*give details of any other special terms and conditions*]

THIRD PARTY INFORMATION

[[•] 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.][Not Applicable]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1 LISTING AND ADMISSION TO TRADING

Listing: [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to the Official List of the Irish Stock Exchange and trading on its Global Exchange Market with effect from [•].]

[No assurances can be given that such application for listing and/or admission to trading will be granted (or, if granted, will be granted by [•] [the Issue Date].) [The Issuer has no duty to maintain the listing (if any) of the Notes on the relevant stock exchange(s) over their entire lifetime.]

[Not Applicable]

(When documenting a fungible issue, indicate that original Notes are already admitted to trading.)

[Estimate of total expenses related to admission to trading: [•][Not Applicable]]¹

2 RATINGS

Ratings: [The Notes will not be rated.][The Notes to be issued have been rated:

[S&P: []]

[Moody's: []]

[Fitch: []]

3 [Index-linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING]

[•]

(Include details of where past and future performance and volatility of the index/equity/commodity/currency/inflation/formula/other variable can be obtained. Where the underlying is an index, include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer, include details of where the information about the index can be obtained. Where the underlying is not an index, include equivalent information. Include other information concerning the underlying required by the rules of the Irish Stock Exchange.)

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 with regard to the underlying].

4 OPERATIONAL INFORMATION

ISIN Code: [•]

¹ Only applicable where the Notes are to be admitted to the Official List of the Irish Stock Exchange and trading on its Global Exchange Market and are "debt securities" under the rules of the Irish Stock Exchange.

Common Code: [•]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant addresses and identification number(s): [Not Applicable/give name(s) and number(s) and addresses]]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [•][Not Applicable]

5 TERMS AND CONDITIONS OF THE OFFER

Offer Price: [Issue Price]
(specify)

Conditions to which the offer is subject: [Not Applicable/Offers of the Notes are conditional upon their issue]

Description of the application process: [Not Applicable/[•] (give details)]

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/[•] (give details)]

Details of the minimum and/or maximum amount of application: [Not Applicable/The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys]

Manner in and date on which results of the offer are to be made public: [Not Applicable/[•] (give details)]

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable/[•] (give details)]

Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: [Not Applicable/Offers may be made by Offerors authorised to do so by the Issuer in (insert relevant jurisdiction) to any person (insert suitability criteria, if any are deemed appropriate, pursuant to any applicable conduct of business rules). In EEA countries, offers may only be made pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus.]

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable/[•] (give details)]

Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable/[•] (give details)]

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes

place:

6 DISTRIBUTION

Method of distribution:

Non-syndicated

Dealer:

National Bank of Abu Dhabi P.J.S.C.

U.S. Selling Restrictions:

[Reg. S Compliance Category [1/2]; TEFRA
D/TEFRA C/TEFRA not applicable]

[PART C – REFERENCE PORTFOLIO]

[insert details of Reference Portfolio for Portfolio CLN]

GENERAL INFORMATION

- (1) The Issuer has obtained all necessary consents, approvals and authorisations in the UAE in connection with the establishment of the Programme. The establishment of the Programme was authorised by resolutions of the Issuer general assembly of the shareholders on 15 March 2016 and by resolutions of the Board of Directors on 27 January 2016.
- (2) There has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2016 and no material adverse change in the prospects of the Issuer or the Group since 31 December 2016.
- (3) There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Offering Memorandum which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or the Group.
- (5) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the Pricing Supplement.
- (6) The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg. The address of any alternative clearing system will be specified in the Pricing Supplement.
- (7) During the period of 12 months following the date of this Offering Memorandum, the following documents will be available, during usual business hours on any weekday (Fridays, Saturdays and public holidays excepted), for inspection, in electronic form, at the registered office of the Issuer:
 - (i) the Memorandum and Articles of Association of the Issuer;
 - (ii) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2016, together with the report of PricewaterhouseCoopers (Abu Dhabi Branch) as auditor relating thereto; and
 - (iii) the audited consolidated annual financial statements of the Issuer for each of the financial years ended 31 December 2015 and 2014, together with the report of KPMG Lower Gulf Limited as auditor relating thereto.
- (8) KPMG Lower Gulf Limited (authorised and regulated by UAE Federal Law No. 22 of 1995) have audited, and rendered unqualified audit reports on, the audited consolidated annual financial statements of the Issuer for the years ended 31 December 2015 and 2014. PricewaterhouseCoopers (Abu Dhabi Branch) have reviewed the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2016, as stated in their review report incorporated by reference into this Offering Memorandum.

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