

## PROSPECTUS

### ARLO II Limited

*(Incorporated with limited liability in the Cayman Islands)*

### Series CLN-28

### USD 12,000,000 Secured Limited Recourse Credit-Linked Notes due 24 July 2024

This Prospectus is issued in conjunction with, and incorporates by reference the contents of the Base Prospectus dated 3 May 2019 (the "**Base Prospectus**") in relation to the U.S.\$5,000,000,000 Programme for the issue of Notes and the making of Alternative Investments (the "**Programme**") of ARLO II Limited (the "**Issuer**"). This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under the Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The Central Bank only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the securities. Unless the context otherwise requires, terms defined in the Base Prospectus have the same meanings when used in this Prospectus.

Application has been made to The Irish Stock Exchange plc trading as Euronext Dublin (formerly The Irish Stock Exchange) ("**Euronext Dublin**") for the Notes to be admitted to the Official List and trading on its regulated market. Such market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EC ("**MiFID II**").

This document constitutes a Prospectus for the purposes of the Prospectus Regulation.

This Prospectus has been prepared for the purpose of giving information about the issue of the Series CLN-28 USD 12,000,000 Secured Limited Recourse Credit-Linked Notes due 24 July 2024 of the Issuer (the "**Notes**").

The validity of this Prospectus shall expire on the evening of 22 October 2020. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies, does not apply when the Prospectus is no longer valid.

**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 Retail Investor**"). For these purposes, an EEA 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 the Insurance Mediation Directive (Directive 2016/97/EC (as amended)) ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended from time to time, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to EEA Retail Investors has been prepared and therefore offering or selling the Notes or otherwise making them available to any EEA Retail Investor may be unlawful under the PRIIPs Regulation.

The terms and conditions set out below should be read in conjunction with the Terms and Conditions set out in the Base Prospectus (save that pages 18 to 40 of the Base Prospectus shall not apply to this Series).

**The date of this Prospectus is 23 October 2019.**

**Arranger**

**BARCLAYS BANK PLC**

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## RISK FACTORS

The following is a description of certain aspects of the issue of the Notes of which any prospective purchaser of the Notes should be aware, but it is not intended to be exhaustive and any prospective purchaser of the Notes should also read the detailed information set out elsewhere in this document and the other documents relating to the Notes and take their own tax, legal and other relevant advice as to the advisability, structure and viability of their investment. In particular, the attention of prospective purchasers of the Notes is drawn to “Investor Suitability” in the Base Prospectus.

**NOTE: Pages 18 to 40 of the Base Prospectus setting out the Risk Factors shall not apply to this Series and the Risk Factors set in herein apply.**

### **Risk Factors relating to the Issuer**

#### ***The Issuer is a special purpose vehicle***

The Issuer has covenanted in the Trust Deed that as long any Notes remain outstanding, it will not consolidate or merge with any other person or entity, purchase, own, lease or otherwise acquire any real property (including office premises or like facilities) or acquire obligations or securities of its shareholders, and without the prior written consent of the Trustee and the Swap Counterparty, it will not have any subsidiaries, have any employees, issue any shares (other than such shares as were in issue on the date of its incorporation) or declare or pay any dividends. Accordingly, the Issuer has, and will have, no assets other than its issued and paid-up share capital, such fees (as agreed) payable to it in connection with the Notes and any Collateral.

#### ***Regulation of the Issuer by any regulatory authority***

The Issuer is a special purpose vehicle established for the purposes of purchasing assets and entering into related derivatives and other contracts. The Issuer is not required to be licensed, registered or authorised under any current securities or banking laws of the Cayman Islands. There is no assurance, however, that regulatory authorities in one or more jurisdictions would not take a contrary view regarding the applicability of any such laws to the Issuer. The taking of a contrary view by such regulatory authority could have an adverse impact on the Issuer or Noteholders.

#### ***Enforcement of Legal Liabilities***

The Issuer is incorporated in the Cayman Islands. The directors of the Issuer named in the Base Prospectus reside outside the United States and all or substantially all of the assets of the Issuer are located outside the United States. It may not be possible to enforce, in original actions in the courts of the jurisdiction of incorporation of the Issuer, liabilities predicated solely on U.S. federal securities laws.

### **Risk Factors Relating to the Notes**

#### ***Limited Recourse***

All payments to be made by the Issuer in respect of the Notes will only be due and payable from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of the Collateral in respect of such Notes. To the extent that such sums are less than the amount which the holders of the Notes expected to receive (the difference being referred to herein as a “**shortfall**”), such shortfall will be borne, following enforcement of the security for the Notes, in the inverse of the order of priorities on enforcement specified in

Condition 4(d). Each holder of Notes by subscribing for or purchasing such Notes will be deemed to accept and acknowledge that it is fully aware that: (i) the holders of the Notes shall look solely to the sums referred to in the first sentence of this section, as applied in accordance with the order of priorities referred to in the second sentence of this section (the “**Relevant Sums**”), for payments to be made by the Issuer in respect of such Notes; (ii) the obligations of the Issuer to make payments in respect of such Notes will be limited to the Relevant Sums and the holders of such Notes shall have no further recourse to the Issuer (or any of its rights, assets or properties), the Swap Counterparty or any other Programme Party or person and, without limiting the generality of the foregoing, any right of the holders of such Notes to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and (iii) the holders of such Notes shall not be entitled to petition for the winding up of the Issuer as a consequence of any such shortfall or otherwise.

### ***Credit Considerations***

Prospective purchasers of Notes should take into account, when making a decision as to whether or not to invest in the Notes, that the timing of redemption of the Notes, the amount due to be paid and/or delivered upon redemption of the Notes and the timing and the amount of any interest and principal due on the Notes is dependent on the performance of the Charged Assets and the Charged Agreement.

### ***Charged Assets***

The Charged Assets comprised USD 12,000,000 of Cash Charged Assets on the Issue Date, and following the Issue Date the Cash Charged Assets were substituted for Bond Charged Assets. Charged Assets will be subject to credit, liquidity, currency exchange and interest rate risks and political, financial and economic stability of the country and/or region in which an obligor of the Charged Assets is incorporated or has its business or of the country of the currency in which any Charged Assets are denominated. Charged Assets may be rated below investment grade and, in such case, will have greater credit and liquidity risk than investment grade assets. Whether or not such Charged Assets are investment grade, if a default or other mandatory redemption event specified in Condition 7(b) occurs with respect to any Charged Assets securing the Notes and the Trustee or Realisation Agent sells or otherwise disposes of such Charged Assets, it is not likely that the proceeds of such sale or disposition will be equal to the unpaid principal and interest thereon. Even in the absence of a default with respect to any of the Charged Assets, due to potential market volatility, the market value of the Charged Assets at any time will vary, and may vary substantially, from the price at which such Charged Assets were initially purchased and from the principal amount of such Charged Assets. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition, or the amount received or recovered upon maturity, of such Charged Assets, or that the proceeds of any such sale or disposition would be sufficient to repay principal of and interest on the Notes of and amounts payable prior thereto. In the event of an insolvency of an issuer or obligor in respect of the Charged Assets, various insolvency and related laws applicable to such issuer or obligor may limit the amount the Trustee may recover and determine or affect when such recovery may be made.

### ***Swap Counterparty Discretion***

The Swap Counterparty will be entitled to determine in its sole and absolute discretion when and whether to deliver a Credit Event Notice and Notice of Publicly Available Information, and any delay or forbearance in delivering any such notices following the occurrence of any event or condition permitting the same is not and shall not be construed as a waiver of any such right and shall not affect the right of the Swap Counterparty to give any such notice at any time thereafter.

### ***Security***

There can be no assurance that the amount payable to the Noteholders on any early redemption of the Notes or upon enforcement of the security for the Notes will be equal to the Issue Price or the outstanding Principal Amount of the Notes. Any shortfall in payments due to the Secured Creditors, including the Noteholders, will be borne in the inverse of the order of the Priority of Payments specified in Paragraph 4 of "Conditions of the Notes", and any claims of the Noteholders remaining after a mandatory redemption of the Notes or a realisation of the security and application of the proceeds as aforesaid shall be extinguished. None of the Programme Parties or the obligors under the Collateral (other than the Issuer) has any obligation to Noteholders for payment of any amount owing by the Issuer in respect of the Notes.

### ***Volatility***

The market value of the Notes (whether indicative or firm) will vary over time and may be significantly less than par (or even zero) in certain circumstances. The Notes may not trade at par or at all.

### ***Currency Risk***

An investment in Notes denominated and payable in a foreign currency entails significant risks to a Noteholder that would not be involved if a similar investment were made in Notes denominated and payable in such Noteholder's home currency.

### ***Reliance on Creditworthiness of the Swap Counterparty***

The ability of the Issuer to meet its obligations under such Notes will be dependent upon, *inter alia*, its receipt of payments from the Swap Counterparty under the Charged Agreement. Consequently, the Noteholders and the Issuer are relying not only on the creditworthiness of the issuers or obligors in respect of the relevant Charged Assets, if any, but also on the full and timely performance by, and creditworthiness of, the Swap Counterparty in respect of its obligations under the Charged Agreement.

If on the termination of the Charged Agreement an amount is payable by the Swap Counterparty to the Issuer (after taking into account any collateral posted between the parties pursuant to the terms of any credit support annex to the Charged Agreement), then the Issuer will have an unsecured claim against the Swap Counterparty for such amount and, in any insolvency of the Swap Counterparty, the Issuer's claim will rank after those of the Swap Counterparty's secured and other preferred creditors.

### ***Swap Counterparty's Priority***

The obligation of the Issuer to pay all amounts due to the Swap Counterparty after enforcement of security for of Notes will rank senior to all other payments in respect of the Notes. In carrying out its duties and exercising its discretions in respect of the Notes, the Trustee will generally be under no obligation or duty to act on any directions of the Noteholders or any requests by any Swap Counterparty.

### ***Only the Trustee may enforce the security over the Collateral***

The Noteholders are not permitted to enforce the security over the Collateral. Only the Trustee may enforce the security over the Collateral in accordance with, and subject to, the terms of the Trust Deed. The Trustee will be required to enforce the security in respect of the Notes if requested by the holders of at least one-fifth in aggregate principal amount of the Notes then outstanding, if directed by an Extraordinary Resolution of the Noteholders or if directed by the Swap Counterparty in writing if the Charged Agreement has terminated in accordance with its terms and any sums remain owing to the Swap Counterparty under such the Agreement or if so

required by the Conditions, in each case subject to the Trustee being secured and/or indemnified to its satisfaction.

The interests of a particular Noteholder (who requests or directs the enforcement of the security) may not coincide with those of other Noteholders and the interests of the Swap Counterparty may be different from those of the Noteholders. Enforcement of the security on the request or direction of some of the Noteholders or on the direction of the Swap Counterparty may not be in the best interests of some or all of the Noteholders.

### ***Realisation Agent***

A Realisation Agent is appointed in respect of the Notes to liquidate Charged Assets of the Issuer upon redemption of such Notes in accordance with the terms and conditions of such Notes. In the event that the Realisation Agent fails to sell the Charged Assets within the Realisation Period, it must sell such Charged Assets at the expiry of the Realisation Period, irrespective of the price obtainable and regardless if such price is close to or equal to zero. If limited circumstances further detailed in the Conditions, if the Realisation Agent determines there is no market for such Charged Assets, or the Realisation Agent otherwise determines that it is impossible to sell or otherwise realise such Charged Assets or any part of them, the Trustee may realise all or part of the Charged Assets by other means.

### ***Agent Risk***

Every payment of principal or interest in respect of the Notes to or to the account of the relevant Paying Agent in the manner provided in the Agency Agreement shall operate in satisfaction *pro tanto* of the relative obligation of the Issuer in respect of such Notes to pay such principal or interest, notwithstanding any default in the subsequent payment thereof by such Paying Agent to the holders of such Notes. Any receipt by the Custodian of any proceeds in respect of the Charged Assets or any other assets forming part of the Collateral which are required to be applied to pay principal or interest in respect of the Notes shall operate in satisfaction *pro tanto* of the relative obligation of the Issuer in respect of the Notes to pay such principal or interest, notwithstanding any default in the subsequent payment of such proceeds by the Custodian to the Paying Agent.

### ***Legal Opinions***

Whilst legal opinions relating to the issue of the Notes have been obtained by the Arranger, the Dealer and the Trustee with respect to English law and Cayman Islands law, no legal opinions have been obtained with respect to the laws governing the Bond Charged Assets or any Reference Obligation or other obligation of the Reference Entity or the laws of the country of incorporation of the Reference Entity in the context of the validity, enforceability or binding nature of the relevant Reference Obligation or other obligation of the Reference Entity as against the Reference Entity.

### ***No Representations***

None of the Issuer, any of the Programme Parties or any of their respective affiliates will have made any investigation of, or makes any representation or warranty, express or implied, as to the issuer of the Charged Assets or the Reference Entity (including, without limitation, with regard to their respective financial condition or creditworthiness) or any Charged Assets or any Reference Obligation and/or the Original Non-Standard Reference Obligation or any obligation of the Reference Entity or any information contained in any documents provided by the issuer of the Charged Assets or by the Reference Entity, respectively, to any of them or to any other person or filed by the issuer of the Charged Assets or by the Reference Entity with any exchange or with any governmental entity regulating the offer and sale of securities.

### ***Modification, waivers and the substitution of the Issuer***

The Trustee may, in certain circumstances and without the consent of Noteholders, agree to:

- (i) any modification of any of the terms and conditions of the Notes or any of the provisions of the Series Documents or any other agreement or deed constituted or created by the Constituting Instrument, or in any other way, that in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or proven error or is made as a result of any comments raised by any stock exchange or component authority in connection with an application to list or trade the Notes;
- (ii) subject to limited exceptions, any other modification, and any waiver or authorisation of any breach or proposed breach of any of the terms and conditions the Notes or any provisions of the Series Documents, or any other agreement or deed constituted or created by the Constituting Instrument, or in any other way, that in the opinion of the Trustee is not materially prejudicial to the interests of Noteholders; and
- (iii) the substitution of another company as principal debtor under the Notes in place of the Issuer.

The Trustee may, in certain circumstances and without the consent of Noteholders, determine that any Event of Default or Potential Event of Default shall not be treated as such.

### **Risk Factors relating to the Notes as Credit-Linked Notes**

#### ***Exposure to the Reference Entity and Reference Obligation***

The Notes do not represent a claim against the Reference Entity and, in the event of any loss, the Noteholders will not have recourse under the Notes to the Reference Entity. However, the Noteholders will be exposed to the credit risk of the Reference Entity and any Reference Obligation (as defined in the Charged Agreement). The likelihood of a Credit Event (as defined in the Charged Agreement) occurring in respect of a Reference Entity will fluctuate with, among other things, the financial condition of such Reference Entity, together with economic conditions, the conditions of certain financial markets, political events, developments or trends in particular industries and changes in prevailing market rates that are relevant to the Reference Entity and/or its business.

#### ***Exposure to default or early termination under Charged Agreement***

Upon the occurrence of an Event of Default or Termination Event (each as defined in the Charged Agreement) under the Charged Agreement, the Notes shall fall due for early redemption by applying the net proceeds of enforcement of the security in accordance with the Conditions, which may have a market value substantially less than par or even zero, and therefore in such circumstances, the Noteholders may receive on redemption an amount which is less than the outstanding Principal Amount of the Notes.

#### ***No Obligation to Make Good on Losses***

Neither the Issuer nor any of the Programme Parties guarantees the performance of or otherwise stands behind the Reference Entity or any Reference Obligation, the issuer or obligor of the Charged Assets or the Charged Assets and is not obligated to make good on any losses suffered by the Noteholders as a result of Credit Events with respect to the Reference Entity or any Reference Obligation or as a result of Bond Redemption Events with respect to the issuer or obligor of the Charged Assets or the Charged Assets.



## ***Risk of Loss***

The Noteholders bear the risk of loss in relation to the Reference Entity and any Reference Obligation and in relation to the Charged Assets. Noteholders should note that such risk is borne from the Credit Event Backstop Date (in respect of a Credit Event) and from 27 August 2019 in the case of a Bond Redemption Event, notwithstanding that each date precedes, or may precede, the Issue Date of the Notes. Noteholders should also note that such risk is borne up to and including the Scheduled Termination Date (or if later, the Repudiation/Moratorium Evaluation Date). If a Credit Event or a Bond Redemption Event (each as defined in the Charged Agreement) occurs, the Notes will be redeemed (in the manner more particularly described in the Notes) and the Issuer will (subject as provided herein) pay to the Noteholders the Adjusted Face Amount (as defined herein) in respect of each Note (in the case of a Credit Event) and pay to the Noteholders the Bond Redemption Amount (as defined in the Charged Agreement) in respect of each Note (in the case of a Bond Redemption Event). The Adjusted Face Amount and/or Bond Redemption Amount may be substantially less than par, or even zero, and therefore the Noteholders may receive on such redemption less than their initial investment. In addition, the amount of interest payments will be adversely affected. If (i) an Event Determination Date occurs, interest due on the Notes will cease to accrue from and including such Event Determination Date (or if there has been no Buyer Period End Date under the Charged Agreement, interest due on the Notes will cease to accrue one Business Day immediately following the Effective Date), and (ii) if a Bond Redemption Event occurs, interest due on the Notes will cease to accrue from the Buyer Period End Date immediately preceding the Bond Event Notice Delivery Date (or if there has been no Buyer Period End Date under the Charged Agreement, interest due on the Notes will cease to accrue one Business Day immediately following the Effective Date) (all relevant terms as defined in the Charged Agreement).

## ***Deliverable Obligations***

Investors should note that, as set out in the Charged Agreement (which incorporates the 2014 ISDA Credit Derivatives Definitions), if a Restructuring Credit Event occurs and unless Asset Package Delivery is applicable, a Sovereign Restructured Deliverable Obligation shall satisfy the definition of Deliverable Obligation. Investors should also note that if Asset Package Delivery applies then the following shall each satisfy the definition of Deliverable Obligation (a) a Package Observable Bond, and (b) Assets received by a holder of a Package Observable Bond in connection with such Asset Package Credit Event.

## ***Synthetic Exposure***

The Issuer does not own any of the Reference Obligation(s) and the Swap Counterparty is not obligated to own any Reference Obligation or have any credit exposure to the Reference Entity. The Issuer and the Swap Counterparty need not suffer any loss in order for a Credit Event to exist. The Notes do not represent a claim against the Reference Entity and, in the event of any loss, Noteholders do not have recourse under the Notes to the Reference Entity.

## **Risk Factors relating to the Credit Derivatives Definitions and the Credit Derivatives Determinations Committees**

### ***Credit Derivatives Definitions***

Certain terms used in the Notes are defined by reference to the Charged Agreement, which in turn incorporates by reference (as modified in the Charged Agreement) the definitions and provisions of the 2014 ISDA Credit Derivatives Definitions (the “**Credit Derivatives Definitions**”) as published by the International Swaps and Derivatives Association, Inc. (“**ISDA**”). However, the Conditions of the Notes do not directly incorporate by reference the provisions of the Credit Derivatives Definitions and there may be differences between the definitions used in the Notes

and the Credit Derivatives Definitions. Further, the Charged Agreement contains modifications to the Credit Derivatives Definitions for use in the Charged Agreement. Consequently, investing in the Notes is not exactly equivalent to investing in a credit default swap that incorporates the *Credit Derivatives Definitions as published by ISDA*.

### ***Credit Derivatives Determinations Committees***

Credit Derivatives Determinations Committees were originally established pursuant to the March 2009 Supplement (later incorporated in the July 2009 Supplement) to the 2003 ISDA Credit Derivatives Definitions published by ISDA to make determinations that are relevant to the majority of the credit derivatives market and to promote transparency and consistency. Determinations Committees are regional committees composed of significant participants in the credit default swap market in the applicable region. Determinations Committees are typically composed of both the largest dealers in credit default swaps as well as non-dealers, but dealers typically significantly outnumber non-dealers. The Credit Derivatives Determinations Committees continue to perform this role under the Credit Derivatives Definitions. As at the date of this Prospectus, Barclays Bank PLC is a member of each of the Credit Derivatives Determinations Committees. In such capacity, it need not have regard to the interests of any Noteholders when taking any action or casting any vote.

Whether or not a Credit Event or Succession Date has occurred, and certain decisions relating thereto, may be dependent on determinations made by the relevant Credit Derivatives Determinations Committee.

The procedures of the Determinations Committees are set forth in the DC Rules (as such term is incorporated into the Charged Agreement). The DC Rules may be amended by a Determinations Committee in accordance with the DC Rules. None of the DC Secretary, the institutions serving on the Determinations Committees or any external reviewers owes any duty to any investor in such capacity, and any investor may be prevented from pursuing claims with respect to actions taken by such persons under the DC Rules. Institutions serving on a Determinations Committee may base their votes on information that is not available to an investor, and have no duty to research, investigate, supplement or verify the accuracy of information on which a determination is based. In addition, a Determinations Committee is not obligated to follow previous determinations or to apply principles of interpretation such as those that might guide a court in interpreting contractual provisions. Therefore, a Determinations Committee could reach a different determination on a similar set of facts.

Further information about the Credit Derivatives Determinations Committees may be found at [www.cdsdeterminationscommittees.org](http://www.cdsdeterminationscommittees.org).

## **Risk Factors relating to the Custodian**

### ***Custodian and Depositories holding Charged Assets***

Charged Assets will be held with a Custodian and maybe held with one or more Depositories. Consequently, Noteholders are exposed to the Custodian and such Depositories holding the Charged Assets or other assets. If the becomes insolvent (or any other analogous event occurs in respect thereof), (i) the consequences for the Issuer will depend upon the applicable law of such insolvency proceedings (which may not be English law) and (ii) the insolvency may result in delays in settling or transferring Charged Assets or such other assets so held.

In addition, Depositories may have a lien, pledge or other security interest (statutory or otherwise) over, or right of set-off or retention and sale in respect of, the Issuer's securities and entitlements credited to any account held with such Depository in relation to claims for payment of obligations owed to the relevant Depository (including administration and safe custody charges) as, in

respect of a Depository, provided in any applicable Depository agreement or rules, regulations and conditions imposed by such Depository.

### ***Cash held by the Custodian***

Investors should note that any cash held by the Custodian, whether as Charged Assets or proceeds thereof, Eligible Credit Support or otherwise, will be credited to the Cash Account and held by the Custodian as banker and not as trustee and as a result such money will not be held in accordance with the rules as set out in Chapter 7 of the Client Asset Rules of the Financial Conduct Authority of the United Kingdom ("**Client Money Rules**"). Where cash is so held if the Custodian fails (as such term is used in the Client Money Rules), the client money distribution and transfer rules as set out in Chapter 7A of the Client Asset Rules ("**Client Money Distribution and Transfer Rules**") will not apply to such cash and so the Issuer will not be entitled to share in any distribution under the Client Money Distribution and Transfer Rules.

This means that any such money may be used by the Custodian in the course of its own business and the Issuer will rank only as a general creditor of the Custodian as regards such money. Accordingly, insofar as the Custodian holds any such cash, any investor in the Notes will be exposed to the credit risk of the Custodian and, if the security for the Notes is enforced, the balance of the Cash Account will only be available to satisfy the liabilities of the Issuer to the extent that such amount is available to the Issuer as a general creditor of the Custodian.

There are limited circumstances in which the Custodian may hold certain sums as client money for the benefit of the Issuer in accordance with the Client Money Rules and that these circumstances are limited to the requirements under the Client Asset Rules pursuant to which the Custodian may be required to segregate certain sums from the Custodian's own funds as client money. In respect thereof, such segregation will (i) continue until such time as the relevant shortfall has been resolved, at which point the Custodian would re-appropriate such money, (ii) such client money would then be held in accordance with the Client Money Rules on behalf of the Issuer, to the extent that the Issuer is affected by the relevant shortfall and (iii) in the absence of the Custodian's failure, such segregation would not create a cash entitlement of the Issuer against the Custodian. Any such segregated client money will be held with a third party bank or banks and, accordingly, if a bank with which the Custodian holds any client money fails at the same time as the Custodian fails, the Issuer may share in any shortfall of client money on a *pro rata* basis and, accordingly, Noteholders are exposed to an insolvency of any such third party bank in respect of any cash held by such third party bank in respect of the Charged Assets.

In respect of any cash held by the Custodian on behalf of the Issuer in respect of the Notes, if the relevant overnight benchmark rate or any official overnight interest rate set by a central bank or other monetary authority reaches or falls below zero, the Custodian (or its affiliates) shall be entitled to levy the Custodian Charge in respect of the Issuer's Cash Account held directly or indirectly with the Custodian. It is anticipated that, prior to any Extension Calculation Period, the Swap Counterparty will, pursuant to the Charged Agreement, pay to, or to the order of, the Issuer an amount equal to any such Custodian Charge for settlement thereof. However, if such Custodian Charge applies during the Extension Calculation Period, the Swap Counterparty will not be obliged to make any such payments and the Custodian shall be entitled to deduct amounts from the Issuer's Cash Account to pay such Custodian Charge. Any such deduction would reduce the amounts available to make payments to the Noteholders.

## **Risk Factors relating to the Market and General Risk Factors**

### ***No Guarantee of Performance***

Investors must rely solely on the relevant Collateral for payment under the Notes. None of the Programme Parties is obligated to make payments on the Notes, and none of them guarantees the value of the Notes or is obliged to make good on any losses suffered as a result of an investment in the Notes. There can be no assurance that amounts received by the Issuer from the Collateral will be sufficient to pay all amounts when due if at all. Neither the Issuer nor any of the Programme Parties will have any liability to the holders of any Notes as to the amount, or value of, or any decrease in the value of, the relevant Collateral.

### ***Independent Review and Advice***

Each prospective purchaser of the Notes is responsible for its own independent appraisal of and investigation into the business, financial condition, prospects, creditworthiness, status and affairs of the issuer or obligor of the Charged Assets, the Charged Assets, the Reference Entity, the Reference Obligation or any obligations of the Reference Entity, as well as the risks in respect of the Notes and their terms, including, without limitation, any tax, accounting, credit, legal and regulatory risks.

A prospective purchaser of the Notes should have such knowledge and experience in financial and business matters and expertise in assessing credit risk that it is capable of evaluating the merits, risks and suitability of investing in such Notes including any credit risk associated with the issuer or obligor of the Charged Assets, the Charged Assets, the Reference Entity and the Issuer. None of the Issuer or any of the Programme Parties will have any responsibility or duty to make any such investigations, to keep any such matters under review or to provide the prospective purchasers of the Notes with any information in relation to such matters or to advise as to the attendant risks. See also the section entitled "Investor Suitability" in the Base Prospectus.

Although the Swap Counterparty and/or its affiliates may have entered into and may from time to time enter into business transactions with the issuer of the Charged Assets or the Reference Entity, the Swap Counterparty and/or its affiliates at any time may or may not hold obligations of or have any business relationship with the issuer of the Charged Assets or any particular Reference Entity.

### ***Secondary Market Trading***

Under normal market conditions, Barclays Bank PLC or its affiliates may purchase the Notes in the secondary market and, upon request by a Noteholder, may, within a reasonable time, provide secondary market prices during the term of the Notes. Such prices may be subject to change by the time of any such purchase. The minimum transaction size for a secondary market purchase is USD 12,000,000. The Notes cannot be partially sold.

### ***Expenses***

All payments of anticipated costs and expenses of the Issuer in connection with the issue of Notes have been, or will be, met by the Arranger pursuant to the Programme Expenses Letter and the Series Expenses Letter (each as defined below). To the extent that any unanticipated or extraordinary costs and expenses of the Issuer which are payable by the Issuer arise in connection with the Notes or otherwise and such costs and expenses are not paid by the Arranger (or are not otherwise payable by the Arranger pursuant to the Programme Expenses Letter and the Series Expenses Letter), the Issuer may have no available funds to pay such costs and expenses and there is a risk that it might become insolvent as a result thereof.

### ***Taxation***

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Notes. All payments in respect of the Notes will be made without deduction or withholding for or on account of tax, save as required by law. The Issuer will not pay any additional amounts to Noteholders to reimburse them for any tax, assessment, duties or governmental charges of whatever nature which may be required (as a result of FATCA or otherwise) to be withheld or deducted from payments in respect of the Notes by the Issuer or any Paying Agents.

If an amount in respect of FATCA withholding were to be deducted or withheld from interest, principal or other payments payable under or in respect of the Notes, neither the Issuer nor any Agent nor any other person would, pursuant to the Conditions, be required to pay additional amounts as a result of such FATCA withholding. In such circumstances, Noteholders might receive less than otherwise expected.

### ***Provision of Information***

The Issuer, the Programme Parties and any of their respective affiliates, whether by virtue of the types of relationships described herein or otherwise, may possess information in relation to the issuer of the Charged Assets, the Reference Entity, any Reference Obligation, any obligation of the Reference Entity, any affiliate of the Reference Entity or any guarantor that is or may be material in the context of these Notes and that may or may not be publicly available or known. The Notes will not create any obligation on the part of any of the Issuer, the Programme Parties and any of their respective affiliates to disclose any such relationship or information (whether or not confidential).

The information contained herein in relation to the Bond Charged Assets, the Reference Entity and the Original Non-Standard Reference Obligation is contained in the sections entitled "Description of the Charged Assets" and "Description of the Reference Entity" and in Annex 1 (*Form of Charged Agreement*), respectively, and is summary only and has been reproduced from public sources and none of the Programme Parties or any of their respective affiliates or any other person has verified, and the Issuer has only made very limited enquiries in relation to, the information relating to the Bond Charged Assets, the Reference Entity and the Original Non-Standard Reference Obligation contained herein or in any of the documents made available for inspection by the Noteholders and, save as otherwise set out in the section headed "Responsibility Statement", none of them accepts any responsibility for the accuracy or completeness of such information and prospective investors in the Notes should not rely upon, and should make their own independent investigations and enquiries in respect of, the same.

### ***Conflicts of Interest***

The Issuer, the Programme Parties and any of their respective affiliates may deal in any obligation, including the Charged Assets, other obligations of the issuer of the Charged Assets and any obligation of the Reference Entity or its affiliates, and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with the issuer of the Charged Assets and the Reference Entity, its affiliates, any other person or entity having obligations relating to the issuer of the Charged Assets, the Reference Entity or its affiliates and may act with respect to such business in the same manner as if any Notes issued hereunder did not exist, regardless of whether any such action might have an adverse effect (including, without limitation, any action which might give rise to an event of default or a Credit Event) on the issuer of the Charged Assets or the Reference Entity and/or its affiliates. Therefore various potential and actual conflicts of interest may arise between the interests of the Noteholders, on the one hand, and some or all of the Issuer, the Programme Parties and any of their respective affiliates, on the other hand. None of the Issuer,

the Programme Parties nor any of their respective affiliates is required to resolve such conflicts of interest in favour of the Noteholders and may pursue actions and take such steps that it deems necessary or appropriate to protect its interests without regard to the consequences for the Noteholders. In particular, the interests of the Swap Counterparty may be adverse to those of the Noteholders. The terms of the Notes and the Charged Agreement provide the Swap Counterparty with certain discretions which it may exercise without any regard for the interests of the Noteholders.

### ***No Fiduciary Role***

None of the Issuer, any of the Programme Parties or any of their respective affiliates is acting as an investment adviser, and none of them (other than the Trustee) assumes any fiduciary obligation, to any purchaser of Notes.

### ***Third Party Information***

The Issuer has only made very limited enquiries with regards to, and none of the Programme Parties has verified or (save as otherwise set out in the section headed "Responsibility Statement") accepts any responsibility for, the accuracy and completeness of the Third Party Information (as defined below). Prospective investors in the Notes should not rely upon, and should make their own independent investigations and enquiries in respect of, the accuracy and completeness of the Third Party Information.

### **Risk Factors relating to the Foreign Account Tax Compliance Act and Similar Information Exchange**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, and U.S. Treasury regulations promulgated thereunder that took effect on 28 January 2013, as amended from time to time (together, "**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) 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 accountholders and investors or is not otherwise exempt from or in deemed compliance with FATCA (for example pursuant to an IGA, as described below) and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether such investor is a U.S. person or should otherwise be treated as holding a "United States account" (as defined under FATCA) of the Issuer (a "**Recalcitrant Holder**").

FATCA withholding tax has been imposed from 1 July 2014 for certain payments of income from sources within the United States and is currently proposed to apply to "foreign passthru payments" (a term not yet defined) made by an FFI to a non-participating FFI or Recalcitrant Holder from a date not earlier than the date two years after the date final regulations are published (which will now fall in 2021 at the earliest) ("**Passthru Payment Effective Date**") defining foreign passthru payments. This withholding would potentially apply to payments in respect of (i) any Notes issued or materially modified on or 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; and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. However, if additional Notes that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all such Notes, including those Notes issued prior to the expiration of the grandfathering period, as subject to withholding under FATCA, which may have negative consequences for the previously issued Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into or are treated as having in effect entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). In some cases such IGAs have been signed; in other cases, negotiations are still ongoing. Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, most FFIs in an IGA signatory country should be treated as a "**Reporting Financial Institution**" or "**Reporting FI**" (as defined in the IGA) that would generally not be subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA or agreement with the IRS relating to FATCA) (any such withholding being a "**FATCA Withholding**") from payments it makes (unless, in certain circumstances, it has agreed to do so under the U.S. "qualified intermediary," "withholding foreign partnership," or "withholding foreign trust" regimes or, in certain limited circumstances, where the payments are made to a Recalcitrant Holder). The Model 2 IGA requires Reporting FIs to apply FATCA Withholding to U.S. source payments in certain circumstances and leaves open the possibility that a Reporting FI might in the future be required to make FATCA Withholdings on foreign passthru payments. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of certain of its account holders and their accounts to its home government or to the IRS unless it is treated as exempt from having "financial accounts" for FATCA purposes.

The Cayman Islands have entered into an IGA largely based on the Model 1 IGA with the United States (the "**Cayman/US IGA**") and have entered into a similar intergovernmental agreement with the United Kingdom (the "**Cayman/UK IGA**"). The Cayman Islands have also signed, along with over 100 other countries, a multilateral competent authority agreement to implement the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (the "**CRS**" and, together with the Cayman/US IGA and the Cayman/UK IGA, "**AEOI**").

Cayman Islands regulations have been issued to give effect to the Cayman/US IGA, the Cayman/UK IGA and CRS (collectively, the "**AEOI Regulations**"). Pursuant to the AEOI Regulations, the Cayman Islands Tax Information Authority (the "**TIA**") has published guidance notes on the application of the Cayman/US and Cayman/UK IGAs and CRS.

All Cayman Islands "Financial Institutions" (including the Issuer) are required to comply with the registration, due diligence and reporting requirements of the AEOI Regulations, unless the Issuer is able to rely on an exemption that permits it to be treated as a "Non-Reporting Financial Institution" (as defined in the relevant AEOI Regulations) with respect to one or more of the AEOI regimes, in which case only the registration requirement would apply under CRS.

The Issuer ( a "**Reporting Issuer**") is not relying on any Non-Reporting Financial Institution exemption and therefore intends to comply with all of the requirements of the AEOI Regulations as a "Reporting Financial Institution".

*Impact on payments on Charged Assets and Charged Agreement (if any).*

If the Issuer fails to comply with its obligations (if any) under the Cayman/US IGA, the Issuer may (from the Passthru Payment Effective Date) be subject to 30 per cent. withholding tax on all, or a portion of, payments of certain income received from U.S. sources and from participating FFIs in jurisdictions which have not signed an IGA.

*Impact on payments on the Notes*

The Issuer is currently not expected to be required to make any FATCA Withholdings (if applicable) before the Passthru Payment Effective Date from the payments it makes. There can be no assurance, however, that the Issuer will be treated as a "Reporting Financial Institution" (as defined in the Cayman/US IGA and the Cayman/UK IGA), and that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and any

financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding.

THE FATCA PROVISIONS ARE PARTICULARLY COMPLEX. THE ABOVE DESCRIPTION IS BASED IN PART ON REGULATIONS, OFFICIAL GUIDANCE AND MODEL IGAS, ALL OF WHICH ARE SUBJECT TO CHANGE. NOTHING IN THIS SECTION CONSTITUTES OR PURPORTS TO CONSTITUTE TAX ADVICE AND NOTEHOLDERS ARE NOT ENTITLED TO RELY ON ANY PROVISION SET OUT IN THIS SECTION FOR THE PURPOSES OF MAKING ANY INVESTMENT DECISION, TAX DECISION OR OTHERWISE. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF THE FATCA PROVISIONS AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT IT IN ITS PARTICULAR CIRCUMSTANCES.

### **Risk Factors relating to the European Market Infrastructure Regulation**

Regulation (EU) No 648/2012 of the European Parliament and Council on OTC Derivatives, Central Counterparties and Trade Repositories dated 4 July 2012 ("**EMIR**") came into force on 16 August 2012. EMIR and the regulations made under it imposes certain obligations on parties to OTC derivative contracts according to whether they are "financial counterparties", such as European investment firms, alternative investment funds, credit institutions and insurance companies, or other entities which are "non-financial counterparties" or third country entities equivalent to "financial counterparties" or "non-financial counterparties". EMIR establishes certain requirements for OTC derivatives contracts including mandatory clearing obligations, bilateral risk-management requirements and reporting requirements.

Noteholders should be aware that should any future obligation of EMIR that require the Issuer to modify the economic terms of any derivative transaction into which it enters, there is a risk that this may materially increase the costs associated with such derivative transaction or replacement derivative transaction. Noteholders should also be aware of the risk that the requirements of EMIR may result in the Notes being redeemed early at their Early Redemption Amount in the circumstances set out in Condition 7.

### **Risk Factors relating to the Alternative Investment Fund Managers Directive**

EU Directive 2011/61/EU on Alternative Investment Fund Managers ("**AIFMD**") came into force on 21 July 2011 and the requirements thereunder were broadly implemented into the national laws of the Member States of the European Union by 22 July 2013.

AIFMD provides, amongst other things, that any alternative investment fund ("**AIF**") must have a designated alternative investment fund manager ("**AIFM**") with responsibility for portfolio and risk management. The application of the AIFMD to special purpose entities such as the Issuer is unclear. Were the Issuer to be found to be an AIF or an AIFM, or were Barclays Bank PLC found to be managing or marketing an AIF, the AIFM would be subject to AIFMD. Owing to the nature of the Issuer as a special purpose vehicle, it would be unlikely that the AIFM could comply fully with the requirements of the AIFMD. Investors should therefore be aware of the risk that the requirements of AIFMD may result in the Notes being redeemed early at their Early Redemption Amount in the circumstances set out in Condition 7.

### **Risk Factors relating to Dodd-Frank**

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") establishes a comprehensive U.S. regulatory regime for a broad range of derivatives contracts (referred to herein as "**Covered Swaps**"). Among other things, Title VII provides the Commodity Futures Trading Commission (the "**CFTC**") and the U.S. Securities and Exchange Commission (the "**SEC**") with jurisdiction and regulatory authority over many different types of



derivatives, requires the establishment of a comprehensive registration and regulatory framework applicable to covered swap dealers and other major market participants, requires many types of Covered Swaps to be exchange-traded or executed on swap execution facilities and centrally cleared, and contemplates the imposition of capital requirements and margin requirements for uncleared transactions in Covered Swaps. Title VII has not yet been fully implemented. As a result, a complete assessment of the exact nature and effects of Title VII and the rules to be adopted thereunder cannot be made at this time.

Noteholders should therefore be aware of the risk that the requirements of the Dodd-Frank Act may result in the Notes being redeemed early at their Early Redemption Amount in the circumstances set out in Condition 7.

### **Risk Factors relating to the Commodity Pool Regulations**

The CFTC has rescinded the rule which formerly provided an exemption from registration as a "commodity pool operator" (a "**CPO**") and a "commodity trading advisor" ("**CTA**") under the U.S. Commodity Exchange Act of 1936 (as amended), in respect of certain transactions. In addition, the Dodd-Frank Act expanded the definition of a "commodity pool" to include any form of enterprise operated for the purpose of trading in commodity interests, including swaps. It is presently unclear how a special purpose entity such as the Issuer could comply with certain of these requirements if it were deemed to be a "commodity pool". Noteholders should therefore be aware of the risk that the Notes may be redeemed early at their Early Redemption Amount in the circumstances set out in Condition 7.

### **Risk Factor Anti-Money Laundering Legislation**

The Issuer may be subject to legislation and regulations relating to corrupt and illegal payments and money laundering as well as laws, sanctions and restrictions relating to certain individuals and countries. If the Issuer were determined by the relevant authorities to be in violation of any such legislation or regulations, it could become subject to significant penalties, including in certain cases criminal penalties.

Any such violation could have a material and adverse affect on the timing and amount of payments made by the Issuer to Noteholders in respect of a Series of Notes.

### **Reform of LIBOR and EURIBOR and other "Benchmarks"**

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

Separately, on 27 July 2017, the United Kingdom Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021. The Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

Key international proposals for reform of "benchmarks" include IOSCO's Principles for Financial Market Benchmarks (July 2013) (the "**IOSCO Benchmark Principles**") and the European Commission's Proposal for a Regulation of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (December 2015) (the "**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 in February 2015 on the status of the voluntary market adoption of the IOSCO Benchmark Principles noted that, as the benchmarks industry is in a state of change, further steps may need to be taken by IOSCO in the future, but that it is too early to determine what those steps should be. The review noted that there has been a significant market reaction to the publication of the IOSCO Benchmark Principles, and widespread efforts being made to implement the IOSCO Benchmark Principles by the majority of administrators surveyed.

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

The Benchmark Regulation applies to "contributors," "administrators" and "users of" "benchmarks" in the EU, and, among other things, (i) requires benchmark administrators to be authorised (or, if non-EU-based, to be subject to an equivalent regulatory regime) and to comply with extensive requirements in relation to the administration of "benchmarks" and (ii) prohibits the use in the EU of "benchmarks" provided by unauthorised administrators. The scope of the Benchmark Regulation is wide and, in addition to so-called "critical benchmark" indices such as LIBOR, EURIBOR and the Euro Overnight Index Average ("**EONIA**"), could also potentially apply to many other interest rate indices, as well as other indices (including "proprietary" indices or strategies) which are referenced in listed financial instruments, financial contracts and investment funds.

The Benchmark Regulation could also have a material impact on any Notes, including in any of the following circumstances:

- (i) an index which is a "benchmark" could be prohibited from being used in the EU if its administrator is based in the EU and does not obtain authorisation or is based in a non-EU jurisdiction which (subject to any applicable transitional provisions) does not have equivalent regulation. In such event, depending on the particular "benchmark" and the applicable terms of the Notes, the Notes could be de-listed, adjusted, redeemed or otherwise impacted; and
- (ii) the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the Benchmark Regulation, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the Notes, including calculation agent determination of the rate or level in its discretion.

In addition to the international proposals for reform of "benchmarks" described above, there are numerous other proposals, initiatives and investigations which may impact "benchmarks".

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

discretionary valuation by the calculation agent, delisting or other consequence in relation to Notes linked to such "benchmark." Any such consequence could have a material adverse effect on the value of and return on any such Notes.

### **Risk Factors relating to Bank Recovery and Resolution Regimes**

Resolution and recovery regimes, including those specified in EU member states, the United States and elsewhere, may apply to the transaction parties and their affiliates. Accordingly, following an exercise of any powers by a resolution authority, the Issuer may have insufficient assets or sums to meet its obligations under the Notes, and the Notes may be the subject of an early redemption and any payment of redemption proceeds to Noteholders may be delayed.

### **Risk Factors relating to the United Kingdom's departure from the European Union**

The United Kingdom held a referendum on 23 June 2016 in which a majority voted to exit the European Union ("**Brexit**"). The effects of Brexit will depend on any agreements the United Kingdom makes to retain access to European Union markets either during a transitional period or more permanently. Brexit could adversely affect European or worldwide economic, market conditions and could contribute to instability in global financial and foreign exchange markets, including volatility in the value of the pound sterling or the euro. In addition, Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which European Union laws to replace or replicate. Any of these effects of Brexit, and others which cannot be anticipated, could adversely affect the business, results of, operations, financial condition and cash flows of parties to the Notes, and could negatively impact the value of the Notes.

## RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Prospectus. In relation to the information under the heading “Information concerning the Swap Counterparty” and in paragraph 9 under the heading “General Information” (the “**Barclays Information**”), Barclays Bank PLC also takes responsibility therefor; in relation to the information under the heading “Information concerning The Bank of New York Mellon, London Branch” (the “**BNY Mellon Information**”), The Bank of New York Mellon, London Branch also takes responsibility therefor; and in relation to the information under the heading “Information concerning BNY Mellon Corporate Trustee Services Limited” (the “**BNY Trustee Information**”), BNY Mellon Corporate Trustee Services Limited also takes responsibility therefor.

The information regarding the Bond Charged Assets under the heading “Description of the Charged Assets” and elsewhere in this Prospectus has been accurately reproduced from the website of Bloomberg and, as far as the Issuer is aware and is able to ascertain from information published by the issuer of the Bond Charged Assets, no facts have been omitted which would render the reproduced information inaccurate or misleading. The information regarding the Reference Entity under the heading “Description of the Reference Entity” and elsewhere in this Prospectus has been accurately reproduced from publicly available information, as far as the Issuer is aware and is able to ascertain from such source, no facts have been omitted which would render such information inaccurate or misleading. The information in relation to the Reference Entity and the Original Non-Standard Reference Obligation contained in the Form of Charged Agreement set out in Annex 1 hereto has been accurately reproduced from such Form of Charged Agreement and, as far as the Issuer is aware and is able to ascertain from the sources referenced in the immediately preceding sentence above, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Issuer has not conducted extensive due diligence on the Barclays Information, the BNY Mellon Information, the BNY Trustee Information and the information regarding the Bond Charged Assets, the Reference Entity and the Original Non-Standard Reference Obligation in this Prospectus (together, the “**Third Party Information**”) or made any enquiries as to its own possession of non-publicly available information. Barclays Bank PLC has not (save in respect of the Barclays Information) conducted any due diligence on the Third Party Information, or made any enquiries as to its own possession of non-publicly available information.

To the best of the knowledge and belief of the Issuer (and in the case of (i) the Barclays Information, Barclays Bank PLC, (ii) the BNY Mellon Information, The Bank of New York Mellon, London Branch and (iii) the BNY Trustee Information, BNY Mellon Corporate Trustee Services Limited) (each of which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus for which it takes responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information. The delivery of this Prospectus at any time does not imply that any information contained herein is correct at any time subsequent to the date hereof.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger or the Trustee. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or any other person to subscribe for, or purchase, any Notes.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Trustee and the Arranger to inform themselves about and to observe any such restriction.

This Prospectus contains summaries of certain provisions of, or extracts from, the Constituting Instrument executed in relation to the Notes and the documents and agreements referred therein. Such summaries and extracts are subject to, and are qualified in their entirety by, the actual provisions of such documents and agreements, copies of which are annexed hereto or available for inspection at the principal office of the Trustee and the specified office of the Principal Paying Agent. Holders of the Notes to which this Prospectus relates, and any other person into whose possession this Prospectus comes, will be deemed to have notice of all provisions of the documents executed in relation to the Notes which may be relevant to a decision to acquire, hold or dispose of such Notes.

The Notes will not be rated.

This Prospectus contains references to credit ratings granted by (i) Standard & Poor's Credit Market Services Europe Limited; (ii) Standard & Poor's, a Division of The McGraw-Hill Companies, Inc.; (iii) Moody's Investors Service, Inc.; (iv) Moody's Investors Service Ltd. and (v) Fitch Ratings Limited. Each of Standard & Poor's Credit Market Services Europe Limited, Moody's Investors Service Ltd. and Fitch Ratings Limited is established in the European Community and is registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. Each of Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. and Moody's Investors Service, Inc. is not established in the European Community and is not registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

This Prospectus has been approved by The Central Bank as competent authority under Regulation (EU) 2017/1129. The Central Bank only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the securities. Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and admitted to trading on its regulated market. Such market is a regulated market for the purposes of MiFID II. This document constitutes a Prospectus for the purposes of the Prospectus Regulation. The Notes were not admitted to the Official List of Euronext Dublin nor admitted to trading on its regulated market on the Issue Date and no assurance is given that such listing and admission will be obtained or, if obtained, maintained.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY STATE SECURITIES LAWS, AND THE ISSUER IS NOT AND WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**1940 ACT**"). THE NOTES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) OR TO PERSONS WHO ARE NOT NON-UNITED STATES PERSONS (AS DEFINED IN RULE 4.7 OF THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION).

Each purchaser or holder of Notes will be deemed to represent that it is not, and for so long as it holds any Notes will not be, an employee benefit plan subject to the fiduciary responsibility

provisions of ERISA, a plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended, a person or entity whose assets include the assets of any such employee benefit plan or plan by reason of 29 C.F.R. Section 2510.3-101 or otherwise, or any other employee benefit plan without regard to the federal, state, local or foreign law pursuant to which the plan is organised or administered, and such purchaser or holder is not using the assets of any such plan to acquire the Notes.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Electronic links have been provided to the documents incorporated by reference into this Prospectus but any websites mentioned herein do not form part of this Prospectus.

## **DOCUMENTS INCORPORATED BY REFERENCE**

The Base Prospectus is incorporated by reference in, and shall be taken to form part of, this Prospectus (save that pages 18 to 40 of the Base Prospectus shall not apply to this Series).

The Base Prospectus is available for viewing at the following link:

[https://www.ise.ie/debt\\_documents/Base%20Prospectus\\_bb3598b5-2dda-4ed9-9971-eda7cce2452d.pdf](https://www.ise.ie/debt_documents/Base%20Prospectus_bb3598b5-2dda-4ed9-9971-eda7cce2452d.pdf)

This document must be read and construed in conjunction with the Base Prospectus and shall be deemed to modify and supersede the contents of the Base Prospectus to the extent that a statement contained herein is inconsistent with such contents.

## **NOTICE TO INVESTORS FROM BARCLAYS BANK PLC**

Neither Barclays Bank PLC nor any of its affiliates is under any legal, regulatory or moral obligation to purchase the Notes or the Charged Assets (as defined herein) or support any losses suffered by the Issuer or the purchasers of any Notes. Neither Barclays Bank PLC nor its affiliates guarantees or stands behind the Issuer or the Issuer's obligations under the Notes and will not make good and is under no obligation to make good any losses under the Charged Assets or the Notes or under any agreements that the Issuer might enter into with any third parties. The Issuer and each person into whose possession this document comes will be deemed to have acknowledged and agreed to the foregoing.



## INVESTOR REPRESENTATIONS

By purchasing any Notes each Noteholder shall be deemed to represent, warrant and covenant on the date it agrees to purchase such Notes and on the date of such purchase and on one Business Day immediately following the date of such purchase to each of the Issuer and the Programme Parties as follows:

1. **Purchase as principal.** The Noteholder is purchasing the Notes as principal for its own account and not as agent or trustee for any other party, with no view to the re-sale thereof to one or more third parties.
2. **Organization and Authority.** The Noteholder is duly organised and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing. The Noteholder has the power and taken all necessary action to purchase the Notes.
3. **Consents.** All governmental and other consents that are required to have been obtained with respect to the Noteholder's agreement to purchase the Notes have been obtained and all relevant authorisations, licences and approvals applicable to the Noteholder in respect of the Notes have been obtained and are in full force and effect and all conditions of any such consents, authorisations, licences and approvals have been complied with.
4. **No Conflict.** Performance of the Noteholder's obligations in connection with any purchase of the Notes do not violate or conflict with any law applicable to the Noteholder, any rule or regulation to which the Noteholder is subject, any provision of its constitutional documents (including without limitation, any operating, investment, risk management or other guidelines, whether or not mandatory), any order or judgment of any court or other agency of government applicable to such Noteholder or any of its assets or any contractual restriction binding on or affecting it or any of its assets.
5. **Non-Reliance.** The Noteholder is acting for its own account and has made its own independent decisions to purchase the Notes and as to whether the Note purchase is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it deems necessary. The Noteholder is not relying on any communication (written or oral) from Barclays Bank PLC as investment advice or as a recommendation to purchase the Notes; it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered investment advice or a recommendation to purchase the Notes. No communication (written or oral) received from Barclays Bank PLC shall be deemed to be an assurance or guarantee as to the expected results of the purchase of the Notes. The Noteholder acknowledges that Barclays Bank PLC is not a fiduciary or financial, investment or trading advisor for it, Barclays Bank PLC has not committed to unwind or cover losses from any purchase, and has not given it (directly or indirectly through any other person) any advice or counsel, assurance, guarantee, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (either legal, regulatory, tax, financial, accounting or otherwise) of an investment in or terms of the Notes.
6. **Assessment and Understanding.** The Noteholder is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of purchasing the Notes. The Noteholder is also capable of assuming and it assumes, the financial and other risks of purchasing the Notes, including the risks and outcome of any Credit Event. The Noteholder understands and approves the credit(s) to which the Notes will be linked. If the

Notes permit replacement or substitution of credits, the Noteholder understands and approves the methodology and criteria for such replacements or substitutions. The Noteholder has conducted independent investigation and analysis regarding the Issuer, the Notes, and all other relevant persons and such market and economic factors as it deems appropriate to evaluate the merits and risks of an investment in the Notes. The Noteholder has such knowledge and experience in financial and business matters, particularly in transactions that involve a high degree of risk, and access to and knowledge of appropriate analytical resources to be able to evaluate the information in the term sheet and this Prospectus and the merits and risks of an investment in the Notes, after full consideration of its financial, tax, accounting and regulatory circumstances and investment objectives.

7. **Terms and Conditions.** The Noteholder acknowledges that the operative terms and conditions of the Notes will be exclusively those set forth in this Prospectus and that it is not entitled to rely on any description of the terms and conditions of the Notes or any undertaking by any other party with respect to the Notes that is not set forth in this Prospectus, including, without limitation, any such description or undertaking communicated orally or set forth in any pitch books or other marketing materials. The Noteholder understands and acknowledges that Japanese translations of any documents provided to it by, or on behalf of, the Issuer or Barclays Bank PLC or any of the affiliates of Barclays Bank PLC are being provided for reference purposes only and that, in all cases, the English language version of the document will be the governing document.
8. **Compliance with all applicable law and regulation.** The Noteholder acknowledges that no action has been or will be taken by it in any jurisdiction that would permit a public offering of the Notes. The Noteholder is exclusively responsible for any re-sale of the Notes including, without limitation, in Japan, and it has complied and will comply with any applicable laws and regulations in any relevant jurisdiction in offering or re-selling the Notes or carrying out any type of solicitation in connection with the Notes. In addition, the Noteholder will ensure that the purchasers of the Notes will comply with any applicable laws and regulations in any relevant jurisdiction in its purchase of the Notes.
9. **Third Party Information.** The Noteholder acknowledges and agrees that the Issuer has only made very limited enquiries with regards to, and none of the Programme Parties has verified or (save as otherwise set out in the section headed “Responsibility Statement”) accepts any responsibility for, the accuracy and completeness of the Third Party Information.

## CONDITIONS OF THE NOTES

### Series CLN-28

#### USD 12,000,000 Secured Limited Recourse Credit-Linked Notes due 24 July 2024

The Terms and Conditions of the Notes designated as above (the “**Notes**”) shall be the Master Conditions as completed, modified and amended by the terms set out herein (the “**Terms**”). The Master Conditions are set out in the Base Prospectus dated 3 May 2019 (the “**Base Prospectus**”) relating to the ARLO II Limited U.S.\$5,000,000,000 Programme for the issue of Notes and the making of Alternative Investments (the “**Programme**”) and, for the purposes of these Notes, the Master Conditions (May 2018 Edition – Version 1) shall apply.

Unless the context otherwise requires, terms defined in the Master Conditions or in the Charged Agreement (as defined below) shall have the same meanings when used in these Terms.

- |    |        |   |   |
|----|--------|---|---|
| 1. | (i)    | Issuer:                                 | ARLO II Limited.  |
|    | (ii)   | Arranger and Dealer:                    | Barclays Bank PLC.  |
|    | (iii)  | Swap Counterparty:                      | Barclays Bank PLC.  |
|    | (iv)   | Trustee:                                | BNY Mellon Corporate Trustee Services Limited.  |
|    | (v)    | Issue Agent and Principal Paying Agent: | The Bank of New York Mellon, London Branch.   |
|    | (vi)   | Paying Agent:                           | The Bank of New York Mellon, London Branch.   |
|    | (vii)  | Custodian:                              | The Bank of New York Mellon, London Branch.   |
|    | (viii) | Interest Calculation Agent:             | Barclays Bank PLC.  |
|    | (ix)   | Common Depositary:                      | The Bank of New York Mellon, London Branch.   |
|    | (x)    | Determination Agent:                    | Barclays Bank PLC.  |
|    | (xi)   | Realisation Agent:                      | Barclays Bank PLC.  |
|    | (xii)  | Registrar and Transfer Agent:           | Not applicable.   |
| 2. | (i)    | Series Number:                          | Series CLN-28.  |
|    | (ii)   | Specified Currency:                     | United States Dollars (“USD” or “\$”).  |
| 3. |        | Principal Amount:                       | USD 12,000,000.   |
| 4. |        | Status:                                 | The Notes are secured and limited recourse obligations of the Issuer ranking <i>pari passu</i> and rateably without preference among themselves, recourse in respect of which is limited in the manner described in the Conditions. The Notes are secured in the manner described in Condition 4 ( <i>Security</i> ) and Paragraph 11 |

(*Security*) below and are subject to the priority set out below.

After meeting the expenses and remuneration of and any other amounts due to the Trustee, including in respect of liabilities incurred, or to any receiver appointed pursuant to the Trust Deed, in each case in respect of the Notes, and subject as provided in the Constituting Instrument, the net proceeds of the enforcement of the security constituted pursuant to the Trust Deed will be applied as follows:

- (i) **firstly**, (a) in meeting the claims (if any) of the Custodian, the Principal Paying Agent and the Registrar in respect of any amounts payable by the Issuer in relation to the Notes under the Custody Agreement or the Agency Agreement, respectively (including but not limited to any amounts of value added tax or other taxes due to any applicable revenue authorities); (b) in meeting the claims (if any) of the Custodian for reimbursement in respect of payment of any amount in respect of the Charged Assets made to the Issuer and/or the Principal Paying Agent on its behalf prior to receipt of the same by the Custodian; and (c) in meeting the claims (if any) of the Principal Paying Agent for reimbursement in respect of payment of principal and interest made to the Noteholders prior to receipt of the same by the Principal Paying Agent, each of the claims in (a), (b) and (c) above to rank *pari passu* and rateably;
- (ii) **secondly**, in meeting the claims (if any) of the Swap Counterparty under the Charged Agreement;
- (iii) **thirdly**, in meeting the claims (if any) of the Noteholders *pari passu* and rateably; and
- (iv) **fourthly**, in payment of the balance (if any) to the Issuer.

5. Issue Price: 100 per cent.

6. Authorised Denomination: USD 12,000,000.

7. Issue Date: 12 September 2019.

8. Maturity Date: The earlier of:

(i) the Scheduled Termination Date (as defined in the Charged Agreement), or if later, the Deferred Maturity Date; and

(ii) (X) where the Notes are redeemed in full pursuant to paragraph 25(A) (*Bond Redemption*) of the Terms, the Early Termination Date (as defined in the Charged Agreement); or (Y) where the Notes are redeemed pursuant to paragraph 25(B) (*Credit Event Redemption*) of the Terms, the Relevant Auction Settlement Date or the Relevant Cash Settlement Date, as the case may be (each as defined below)), **provided that** (A) if a Credit Event (as such term is incorporated into the Confirmation) and an Event Determination Date (as such term is incorporated into the Confirmation) occurs prior to the Maturity Date (without taking into account this proviso) and (B) prior to the Auction Final Price Determination Date (as such term is incorporated into the Confirmation) or the Valuation Date (as such term is incorporated into the Confirmation) (as the case may be) a DC Resolution (as such term is incorporated into the Confirmation) reverses the determination with respect to such Credit Event, the Maturity Date shall be, subject to the designation of an Early Termination Date, the later of (a) the Maturity Date determined without taking into account this proviso and (b) three (3) Business Days after the date of such DC Resolution.

**“Relevant Auction Settlement Date”** means the Auction Settlement Date immediately following which the Principal Amount is reduced to zero.

**“Relevant Cash Settlement Date”** means the Cash Settlement Date immediately following which the Principal Amount is reduced to zero.

9. Deferred Maturity Date:

(i) Subject to paragraph (ii) below, if an Extension Notice is effective and no Event Determination Date occurs on or prior to the Securities Extension Date, five (5) Business Days after the Securities Extension Date or, if an Extension Notice is effective and an Event Determination Date occurs on or prior to the Securities Extension Date, the Auction Settlement Date or the Cash Settlement Date

(as the case may be).

(ii) If a DC Credit Event Question (as such term is incorporated into the Confirmation) has been submitted to the DC Secretary but, as of the last applicable day of the Notice Delivery Period, no announcement had been made by the DC Secretary with respect to the Credit Event Resolution Request Date (as such term is incorporated into the Confirmation), the later of (1) the date determined pursuant to paragraph (i) above where the Extension Notice is effective, and (2) the date falling five (5) Business Days after the DC Secretary makes such announcement or such earlier date as the Calculation Agent may determine in its sole and absolute discretion.

10. Charged Assets:

The Charged Assets comprise the Initial Charged Assets or any Replacement Charged Assets (each, as defined below), as may be adjusted from time to time pursuant to the provisions below relating to operation of the Credit Support Annex in respect of the Charged Agreement.

Condition 4(a)(i) shall be amended by inserting the words “, which expression shall include any Replacement Charged Assets” in the second last line, immediately following the words “(the **“Charged Assets”**”.

On the Issue Date, the Charged Assets comprised USD 12,000,000 (the **“Initial Reference Amount”**) cash in cleared and freely transferable funds, which shall be deposited into a Cash Account (the **“Cash Charged Assets”**) (such initial Charged Assets, the **“Initial Charged Assets”**).

**“Cash Charged Assets”** shall mean, to the extent that the Charged Assets comprise cash on the Issue Date, any such cash.

**“Bonds”** means the Cooperatieve Rabobank U.A. Bonds due 22 July 2024 (ISIN: US74977SDF65).

**“Bond Charged Assets”** means any Bonds which comprise Charged Assets from time to time, as may be reduced upon any partial redemption of the Notes.

*Noteholders should be aware that, to the extent that the Initial Charged Assets comprise Cash Charged Assets, the terms and conditions of the Notes permit (but do not oblige) the Swap Counterparty to substitute such Initial Charged Assets with the Bond Charged Assets following the Issue Date.*

Following the Issue Date, (i) any Eligible Credit Support and/or Equivalent Credit Support (each as defined in the Charged Agreement) transferred by the Swap Counterparty to the Issuer pursuant to the Credit Support Annex in respect of the Charged Agreement shall,

upon such transfer, comprise part of the Charged Assets; and (ii) any Eligible Credit Support and/or Equivalent Credit Support (each as defined in the Charged Agreement) transferred by the Issuer to the Swap Counterparty pursuant to the Credit Support Annex in respect of the Charged Agreement shall, upon such transfer, no longer comprise part of the Charged Assets.

In the event that the Charged Assets comprise Bond Charged Assets, if the Charged Assets are redeemed in whole or in part on or prior to the Maturity Date, provided that such redemption does not constitute a Bond Redemption Event under the provisions of Paragraph 25(A) (*Bond Redemption*) hereof, such Redemption Proceeds shall be credited to the relevant Cash Account pursuant to the Custody Agreement, and shall comprise Charged Assets as from the date of such crediting.

Interest shall accrue on the respective Cash Account Balance (as defined in the Charged Agreement) up to and including the Maturity Date on a daily basis at the relevant Overnight Rate in an amount equal to the product of the following:

- (a) the respective Cash Account Balance;
- (b) the relevant Overnight Rate; and
- (c) 1/365,

provided that:

- (1) where, for whatever reason, the Custodian is unable to pay interest in accordance with this paragraph, interest shall cease to accrue in respect thereof from such date as so determined by the Custodian; and
- (2) to the extent that the Cash Account Balance relates to the Cash Charged Assets, the amount of interest payable shall be an amount (if any) to be agreed between the Swap Counterparty and the Custodian.

Where the Custodian is unable to pay interest on any Cash Account at the aforementioned rate or where it will apply a charge as contemplated below, it shall promptly notify the Issuer, the Trustee, the Principal Paying Agent, the Realisation Agent and the Swap Counterparty.

In respect of any cash held by the Custodian on behalf of the Issuer in respect of the Notes, if the relevant overnight benchmark rate or any official overnight interest rate set by a central bank or other monetary authority reaches or falls below zero, the Custodian or its affiliates may (solely in such circumstance) apply a charge (the "**Custodian Charge**") to the Cash Account (and such Custodian Charge may also include any charges or fees that the Custodian may apply to the Cash Account, in addition to any negative interest, that may be chargeable as a result of any negative interest rate applicable to such account). The Custodian may deduct or debit any amount standing to the credit of the Cash Account in connection with the satisfaction or reimbursement of any Custodian Charge levied during the Extension Calculation Period.

"**Extension Calculation Period**" has the meaning given to it in the Charged Agreement.

"**Overnight Rate**" means the offered rate of the Custodian for overnight deposits in the applicable currency in the relevant Cash Account in an amount equal to the related Cash

Account Balance.

### **Replacement Charged Assets**

The Swap Counterparty and the Issuer agree that, to the extent that the Initial Charged Assets comprise Cash Charged Assets, on the Bond Delivery Date (as defined below) the Issuer shall transfer, or procure the transfer of, and the Custodian on behalf of the Issuer shall so transfer, to or to the order of, the Swap Counterparty, cash in an amount equal to the Cash Charged Assets in cleared and freely transferable funds (the “**Replaced Charged Assets**”) in return for which the Swap Counterparty will, in accordance with the provisions below, deliver to the Issuer the Replacement Charged Assets on the Bond Delivery Date (the “**Charged Assets Replacement**”).

The transfer of the Replaced Charged Assets by the Issuer (or the Custodian on behalf of the Issuer) and the delivery of the Replacement Charged Assets by the Swap Counterparty shall be made with full title guarantee, free and clear of all charges, liens and encumbrances (other than any Permitted Limitation on Title) and with the benefit of all rights and entitlements thereto and therein subsisting as at the date of the Charged Assets Replacement.

The Replacement Charged Assets shall form part of the Charged Assets. Any Replaced Charged Assets so delivered or transferred by or on behalf of the Issuer shall be deemed automatically released from the security created by or pursuant to the Trust Deed and shall cease to form part of the Collateral and any Replacement Charged Assets so delivered or transferred or paid by the Swap Counterparty shall become subject to such security and shall form part of the Collateral.

The Charged Assets Replacement shall be subject to (a) compliance with all relevant laws, regulations and directives; (b) the terms and conditions of the Replacement Charged Assets; (c) the Swap Counterparty paying any costs and expenses (including, without limitation, any securities transaction tax or other tax or any stamp duty) payable by or on behalf of the Issuer in connection with such Charged Assets Replacement; and (d) delivery of the Replacement Charged Assets to the Issuer.

For the purposes of these Conditions, the following terms shall have the meanings set out below:-

“**Bond Delivery Date**” shall mean the date notified in writing (which may be by way of email) as such by the Swap Counterparty to the Issuer and the Custodian.

“**Replacement Charged Assets**” shall mean the Bonds.

11. Charged Agreement: The International Swaps and Derivatives Association, Inc. (“**ISDA**”) 2002 form of Master Agreement and a schedule thereto dated the date of the Constituting Instrument between the Swap Counterparty and the Issuer; as supplemented by (i) a confirmation of a swap transaction entered into between the Swap Counterparty and the Issuer, with an effective date of 12 September 2019 (the “**Confirmation**”) and (ii) the ISDA 1995 form of Credit Support Annex (Bilateral Form – Transfer) and the Paragraph 11 thereto in the form of Schedule 6 to the Constituting



Instrument entered into between the Swap Counterparty and the Issuer dated 12 September 2019 (the “**Credit Support Annex**”).

12. Security: Condition 4(a) (*Security*) is applicable.
13. Fixed Rate Notes Provisions: Not applicable.
14. Floating Rate Notes Provisions: Applicable.
- (i) Interest Commencement Date: One Business Day immediately following the Issue Date.
- (ii) Interest Periods: Each Buyer Calculation Period (as defined in the Charged Agreement).
- (iii) Interest Payment Dates: Each Buyer Period End Date (as defined in the Charged Agreement) (provided that if an Event Determination Date occurs, the Maturity Date of the Notes shall be the final Interest Payment Date).
- (iv) Interest Amount: In respect of each Interest Period, the Buyer Payment Amount (as defined in the Charged Agreement) payable by the Swap Counterparty in respect of the Buyer Calculation Period that corresponds to such Interest Period.
- For the avoidance of doubt, the provisions of this Paragraph 13 are deemed to amend and supplement Condition 6 (*Interest*) and, to the extent of any conflict between the provisions of this Paragraph 13 and Condition 6 (*Interest*), the provisions of this Paragraph 13 shall prevail.
15. Zero Coupon Notes Provisions: Not applicable.
16. Index-Linked Interest Notes Provisions: Not applicable.
17. Notes issued in bearer or registered form: Bearer Notes.
18. Whether Notes will be C Notes or D Notes: The Notes shall be D Notes and, accordingly, the Notes shall be represented on issue by a Temporary Global Note.
- The Temporary Global Note shall be exchangeable for a Permanent Global Note on or after 40 days from the Issue Date (or such later date as may be determined to be the Exchange Date in accordance with the terms of such Temporary Global Note) upon certification as to non-U.S. beneficial ownership.

The Permanent Global Note shall be exchangeable for definitive Bearer Notes in the limited circumstances set out in Condition 1(a)(1) (*Bearer Notes*).

19. Talons to be attached to Notes and, if applicable, the number of Interest Payment Dates between the maturity for each Talon: No.
20. U.S. Series or non-U.S. Series: Non U.S. Series.
21. Listing: It is expected that application will be made to the Euronext Dublin for the Notes to be admitted to the Official List and trading on its regulated market. Such market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EC. However, the Notes will not be so listed and admitted on the Issue Date and no assurance is given that such listing and admission will be obtained thereafter.
22. Ratings: None.
23. Business Days: Tokyo, London and New York.
24. Call/Put Option: Not applicable.
25. Scheduled Redemption Amount: In respect of each Note, an amount in USD equal to (i) the Authorised Denomination minus (ii) the Extension Calculation Period Amount in respect of such Note (if any), subject to a minimum of zero.

The “**Extension Calculation Period Amount**” means an amount in USD (which can be a positive amount or a negative amount) determined by the Calculation Agent in its sole and absolute discretion, equal to

(i) such Note’s *pro rata* share of an amount equal to any Custodian Charge levied during the Extension Calculation Period (where applicable),

(ii) plus such Note’s *pro rata* share of an amount equal to any AV Negative Interest Amount (as defined below) transferred from the Issuer to the Swap Counterparty pursuant to the Credit Support Annex during the Extension Calculation Period; and

(iii) minus such Note’s *pro rata* share of an amount equal to any AV Negative Interest Amount transferred from the Swap Counterparty to the Issuer pursuant to the Credit Support

Annex during the Extension Calculation Period.

The Notes may be redeemed in part (and the Principal Amount reduced accordingly) in accordance with (i) the Credit Derivatives Definitions, as amended by Section 8 of the Charged Agreement, where more than one Successor (as defined in the Charged Agreement) to a Reference Entity has been identified, and (ii) paragraph 25(B) of these Terms.

**“AV Negative Interest Amount”** means the absolute value of any negative interest amount payable by the Issuer, or the Swap Counterparty, as applicable, pursuant to the Credit Support Annex in accordance with the Negative Interest Protocol (as defined in the Credit Support Annex).

*Noteholders are referred to the Credit Derivatives Definitions, as amended by Section 8 of the Charged Agreement set out in Annex 1 to this Prospectus, and to paragraph 25(B) (Credit Event Redemption) of these Terms, for further details on such partial redemption of the Notes.*

26. Early redemption:

(A) **Bond Redemption:**

If a Bond Redemption Event occurs (regardless of whether or not it is continuing) and the Swap Counterparty delivers a Bond Event Notice to the Issuer pursuant to the Charged Agreement, the Notes shall be redeemed by payment of the Bond Redemption Amount in accordance with the following provisions and, accordingly, Condition 7(b) (*Mandatory Redemption*) shall not apply.

- (i) If the Swap Counterparty delivers a Bond Event Notice pursuant to the Charged Agreement, the Issuer shall, on the Business Day following the date of delivery of the Bond Event Notice by the Swap Counterparty, give notice thereof to the Trustee and the other Agents and the Noteholders in accordance with Condition 14 (*Notices*) and the Notes shall become due and repayable on the Early Termination Date. The failure to deliver any such notice by or on behalf of the Issuer shall not affect the effectiveness of any Bond Event Notice delivered pursuant to the Charged Agreement or the application of the other provisions of this Paragraph 25(A).
- (ii) On the Early Termination Date, the Notes shall be redeemed at the Bond Redemption Amount (and upon payment in full thereof, the Issuer’s obligations in respect of the Notes shall be cancelled and discharged in full, the Issuer shall have no obligation to make payment to the Noteholders of the Principal Amount, and the Noteholders shall have no further recourse to the Issuer or any other party in respect of the Notes).

*Noteholders should be aware that they bear the risk of a Bond Redemption Event occurring or having occurred at any time from and including 27 August 2019 (notwithstanding that such date precedes the Issue Date), up to and including the Maturity Date.*

*None of the Issuer, the Programme Parties and their respective affiliates has made any investigation of, or makes any representation or warranty, express or implied, as to whether a Bond Redemption Event has occurred or is likely to occur or as to the creditworthiness of the issuer of the Charged Assets, and each prospective Noteholder is advised to make its own investigations and assessment of the same.*

- (B) **Credit Event Redemption:** If an Event Determination Date occurs on or prior to the later of: (a) the Scheduled Termination Date and (b) the Securities Extension Date (as such term is incorporated into the Confirmation) (and is not otherwise deemed not to have occurred), in respect of the Reference Entity and the Swap Counterparty delivers a Credit Event Notice to the Issuer pursuant to the Charged Agreement, the Issuer shall give notice thereof to the Trustee, the Agents and the Noteholders in accordance with Condition 14 (*Notices*) on the Business Day following the date of delivery of the Credit Event Notice by the Swap Counterparty (provided that the failure by the Issuer to deliver any such notice shall not affect the effectiveness of any Credit Event Notice delivered pursuant to the Charged Agreement or the application of the other provisions of this Paragraph 25(B)) and each Note shall be redeemed on the Auction Settlement Date or the Cash Settlement Date (as the case may be) by payment to the relevant Noteholder of its Adjusted Face Amount (as defined below), provided that the Charged Assets (and the Cash Account Balance, if any) have been delivered and/or transferred to the Swap Counterparty in accordance with Section 7B of the Confirmation.

The “**Adjusted Face Amount**” of a Note is an amount equal to such Note’s *pro rata* portion of the Adjusted Principal Amount of the Notes.

The “**Adjusted Principal Amount**” of the Notes is an amount equal to the “Adjusted Notional Amount” of the Charged Agreement.

*Noteholders should be aware that they bear the risk of a Credit Event occurring or having occurred at any time from and including the Credit Event Backstop Date (as such term is incorporated in the Confirmation) (notwithstanding that such date precedes the Issue Date), up to and including the Scheduled Termination Date (or, if later, the Repudiation/Moratorium Evaluation Date, if any) Noteholders should be aware that the Maturity Date may fall later than 24 July 2024.*

*None of the Issuer, the Programme Parties and their respective affiliates has made any investigation of, or makes any representation or warranty, express or implied, as to whether a Credit Event has occurred or is likely to occur or as to the creditworthiness of the Reference Entity, and each prospective Noteholder is advised to make its own investigations and assessment of the same.*

- (C) Any determination made by the Realisation Agent and/or the Determination Agent pursuant to this Paragraph 25 shall (in the absence of manifest error) be final and binding upon all parties. If the Realisation Agent or the Determination Agent is unable or unwilling to act as such, the Issuer shall, with the prior written consent of the Trustee, appoint the London office of a leading international investment bank to act as such in its place. The Realisation Agent and the Determination Agent may not resign its duties without a successor having been appointed as aforesaid.

- (D) Any term that is used in this Paragraph 25 and not defined herein shall bear the meaning ascribed to it in the Charged Agreement.
- (E) For the avoidance of doubt, Condition 7(d) (*Redemption on termination of Charged Agreement*) shall only apply to the Notes if the Charged Agreement is terminated in whole but not in part and other than in consequence of Condition 7(h) (*Purchase*) or Condition 7(i) (*Exchange of Series*) or in connection with a redemption of Notes pursuant to Paragraph 25 hereof or Condition 9 (*Events of Default*).
- (F) Notwithstanding Condition 7(f)(2) (*Redemption Amount of Notes*), if an Early Termination Date is designated or deemed to occur as a result of an Event of Default in relation to the Swap Counterparty as the Defaulting Party, the amount payable upon redemption of each Note shall be the amount determined by the Trustee or, where applicable, the Determination Agent to be the amount available for redemption of such Note by applying the portion available to the Noteholders pursuant to Condition 4(c) (*Realisation of the Collateral upon redemption pursuant to Condition 7(f), 7(g), 7(h) or 9*) (or as it may be amended or replaced by the Constituting Instrument) of the net proceeds of enforcement of the security in accordance with Condition 4 *pari passu* and rateably to the Notes. For the avoidance of doubt, unless otherwise specified herein, all other terms of Condition 7(f)(2) (*Redemption Amount of Notes*) shall remain unchanged and enforceable.

(G) **Event of Default**

Condition 9 shall apply, save that Condition 9(a) shall be deleted in its entirety and replaced with the following wording,

“if default is made for a period of 14 days or more in the payment of any sum due in respect of such Notes or any of them (save (i) that the occurrence of any event described under sub-item (b) of the definition of Regulatory Event set out under Condition 7(c) (Redemption for Regulatory Event) shall not constitute an Event of Default, and/or (ii) as specifically as otherwise provided in these Conditions); or”.

(H) **Regulatory Event**

Condition 7(c) (*Redemption for Regulatory Event*) shall apply, subject to the following changes to the definition of Regulatory Event set out therein:

- (1) the characters “(a)” shall be inserted immediately after the words, “(including, without limitation, in connection with the application of the Alternative Investment Fund Managers Directive 2011/61/EU).”; and
- (2) the following words shall be inserted immediately after the words, “the Notes or any other securities issued by the Issuer” in the final line thereof, “or (b) the payment of any amount and/or delivery of any assets by the Issuer is delayed, halted, suspended or detrimentally affected by the Agent, and the payment of such amount(s) and/or delivery of such assets is not made within 14 days or more following the due date for such payment or delivery of such assets under the Notes (and any such non-payment or failed delivery shall not constitute an Event of Default).”.

27. Settlement Procedures: The Notes have been accepted for settlement in Euroclear and Clearstream, Luxembourg.

28. Common Code: 204957355.
29. ISIN: XS2049573558.
30. Additional Provisions: None.
31. Agent for service of process: For the purposes of Condition 18 (*Governing Law and Submission to Jurisdiction*), the Issuer has appointed Maples and Calder of 11<sup>th</sup> Floor, 200 Aldersgate Street, London EC1A 4HD as its agent for service of any proceedings in England in relation to the Notes, the Trust Deed and the Constituting Instrument.
32. Bond Redemption Events and Credit Events: The occurrence of any Bond Redemption Event or any Credit Event, and all calculations, determinations and other steps required to be taken in connection therewith, under or in respect of the Charged Agreement are conclusive and binding on the Issuer, the Trustee, the Noteholders, the Agents and all other persons when and as they occur or they are made or taken under or in connection with the Charged Agreement pursuant to its terms, without further notice or determination hereunder.
33. Depository Account: The Depository Account shall be such account(s) maintained by the Custodian for and on behalf of the Issuer from time to time.

CONFIRMED

**ARLO II LIMITED**

By:

Dated: 12 September 2019

## TAX CONSIDERATIONS

**Prospective investors should consult their own tax advisors on the possible tax consequences of the purchase, ownership and disposition of the Notes under the laws of their country of citizenship, residence or domicile.**

Investors should consult their own tax advisors regarding whether the purchase of the Notes, either alone or in conjunction with an investor's other activities, may subject a holder to any state or local taxes based, for example, on an assertion that the investor is either "doing business" in, or deriving income from a source located in, any state or local jurisdiction. Additionally, potential investors should consider the state, local and other tax consequences of purchasing, owning or disposing of the Notes. State and local tax laws may differ substantially from the corresponding federal tax law, and the foregoing discussion does not purport to describe any aspect of the tax laws of any state or other jurisdiction.

The Noteholders will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges, that may be applicable to any payment to it in respect of the Notes. Neither the Issuer nor any other person will pay any additional amounts to the Noteholders to reimburse it for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer or by the Principal Paying Agent.

## SUBSCRIPTION AND SALE

### General

No action has been or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any part thereof or any other offering material or this Prospectus, in any country or jurisdiction where action for that purpose is required.

The Arranger 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 the Notes or has in its possession or distributes the Base Prospectus or any part thereof, any other offering material or this Prospectus in all cases at its own expense unless otherwise agreed and neither the Issuer nor any other Arranger shall have responsibility therefor.

### United States

The Notes have not been and will not be registered under the Securities Act. Consequently, the Notes may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act) or to persons who are not Non-United States Persons (as defined in Rule 4.7 of the United States Commodity Futures Trading Commission).

### United Kingdom

The Arranger has represented, warranted and agreed that:

- (i) it has only communicated or caused to be communicated, and it 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 Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA (and all rules and regulations made pursuant to the FSMA) with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### Cayman Islands

No invitation may be made to the public in the Cayman Islands to subscribe for the Notes unless at the time of such invitation the Issuer is listed on the Cayman Islands Stock Exchange. The Issuer currently has no intention of applying for such a listing.

### European Economic Area

The Arranger has represented, warranted and agreed that in relation to each Member State of the European Economic Area, it has not made and will not make an offer of Notes to the public in that Member State except that it may make an offer of Notes to the public in that Member State:

- (A) if the Prospectus in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member



State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the Prospectus Regulation contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning on the date of publication of the prospectus and ending on the date specified in such prospectus after the date of such publication;

- (B) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (C) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (D) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

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

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, and the expression “**Prospectus Regulation**” means (Regulation (EU) 2017/1129).

## Japan

The Arranger and Dealer are aware the Notes have not been and will not be registered under Article 4, Paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law no. 25 of 1948, as amended) (the “**FIEA**”), and the Dealer has agreed that, accordingly, none of the Notes nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of the above, a “**Japanese person**” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

The Notes have not been and will not be subject to the disclosure requirements under the FIEA.

As offering of the Notes constitutes an Offering to Qualified Institutional Investors (tekikaku kikan toushika muke kanyuu) (as defined in Article 23-13, Paragraph 1 of the FIEA), the Notes have not been and will not be registered under Article 4, Paragraph 1 of the FIEA. A purchaser may transfer the Notes only to Qualified Institutional Investor(s) (as defined in Article 2, Paragraph 3, Item 1 of the FIEA).

## INFORMATION CONCERNING THE SWAP COUNTERPARTY

*In addition to the Issuer, Barclays Bank PLC accepts responsibility for the following information as provided in the section of this Prospectus headed "Responsibility Statement". None of the Trustee or any of the other Programme Parties (other than Barclays Bank PLC) has verified, or accepts any responsibility whatsoever for the accuracy or completeness of, such information and prospective investors in the Notes should make their own independent investigations and enquiries in respect thereof and into Barclays Bank PLC and the Group (as defined below).*

Barclays Bank PLC (the "Bank", and together with its subsidiary undertakings, the "Bank Group") is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Bank is limited. It has its registered and head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). The Bank was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, the Bank was re-registered as a public limited company and its name was changed from 'Barclays Bank International Limited' to 'Barclays Bank PLC'. The whole of the issued ordinary share capital of the Bank is beneficially owned by Barclays PLC. Barclays PLC (together with its subsidiary undertakings, the "Group") is the ultimate holding company of the Group.

The Group is a transatlantic consumer and wholesale bank with global reach offering products and services across personal, corporate and investment banking, credit cards and wealth management anchored in the Group's two home markets of the UK and the US. The Group is organised into two clearly defined business divisions – Barclays UK division and Barclays International division. These are housed in two banking subsidiaries – Barclays UK sits within Barclays Bank UK PLC and Barclays International sits within the Bank – which operate alongside Barclays Services Limited but, in accordance with the requirements of ring-fencing legislation, independently from one another. Barclays Services Limited drives efficiencies in delivering operational and technology services across the Group.

The Bank and the Bank Group offer products and services designed for the Group's larger corporate, wholesale and international banking clients.

The short term unsecured obligations of the Bank are rated A-1 by Standard & Poor's Credit Market Services Europe Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the long-term unsecured unsubordinated obligations of the Bank are rated A by Standard & Poor's Credit Market Services Europe Limited, A2 by Moody's Investors Service Ltd. and A+ by Fitch Ratings Limited.

Based on the Bank Group's audited financial information for the year ended 31 December 2018, the Bank Group had total assets of £877,700m (2017: £1,129,343m), total net loans and advances of £136,959m (2017: £324,590m), total deposits of £199,337m (2017: £399,189m), and total equity of £47,711m (2017: £65,734m) (including non-controlling interests of £2m (2017: £1m)). The profit before tax of the Bank Group for the year ended 31 December 2018 was £1,286m (2017: £1,758m) after credit impairment charges and other provisions of £643m (2017: £1,553m). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Bank for the year ended 31 December 2018.

Based on the Bank Group's unaudited financial information for the six months ended 30 June 2019, the Bank Group had total assets of £969,266m, total net loans and advances of £144,664m, total deposits of £215,125m, and total equity of £52,610m (including non-controlling interests of £0m). The profit before tax of the Bank Group for the six months ended 30 June 2019 was £1,725m (30 June 2018: £725m) after credit impairment charges and other provisions of £510m (30 June 2018: £156m). The financial information in this paragraph is extracted from the

unaudited condensed consolidated interim financial statements of the Bank for the six months ended 30 June 2019.

## **INFORMATION CONCERNING THE BANK OF NEW YORK MELLON, LONDON BRANCH**

*In addition to the Issuer, The Bank of New York Mellon, London Branch (formerly known as The Bank of New York) accepts responsibility for the following information as provided in the section of this Prospectus headed "Responsibility Statement". None of the Arranger, the Trustee, the Swap Counterparty or any of the other Programme Parties (other than The Bank of New York Mellon, London Branch) has verified, or accepts any responsibility whatsoever for the accuracy or completeness of, such information and prospective investors in the Notes should make their own independent investigations and enquiries in respect thereof and into The Bank of New York Mellon, London Branch.*

The Bank of New York Mellon, London Branch is a branch, registered in England and Wales with FC No 00552 and BR No 000818 with its principal office in the United Kingdom situated at One Canada Square London E14 5AL, of The Bank of New York Mellon - a wholly owned subsidiary of The Bank of New York Mellon Corporation which is a Delaware corporation (NYSE symbol: BK). The Bank of New York Mellon Corporation headquartered in New York, New York, (the "Corporation") manages and services assets for financial institutions, corporations and individual investors in 35 countries and more than 100 markets. As of June 30, 2019, the Corporation, including its subsidiaries, had \$35.5 trillion in assets under custody and/or administration and \$1.8 trillion in assets under management. With predecessors, the Corporation has been in business since 1784.

## INFORMATION CONCERNING BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED

*In addition to the Issuer, BNY Mellon Corporate Trustee Services Limited (the “Trustee”) accepts responsibility for the following information as provided in the section of this Prospectus headed “Responsibility Statement”. None of the Arranger, the Swap Counterparty or any of the other Programme Parties (other than the Trustee) has verified, or accepts any responsibility whatsoever for the accuracy or completeness of, such information and prospective investors in the Notes should make their own independent investigations and enquiries in respect thereof and into BNY Mellon Corporate Trustee Services Limited.*

BNY Mellon Corporate Trustee Services Limited will be appointed pursuant to the Trust Deed as Trustee for the Noteholders.

The Trustee was formerly known as J.P. Morgan Corporate Trustee Services Limited. On 2 October 2006 the Trustee changed its name to BNY Corporate Trustee Services Limited and, subsequently, on 1 March 2011 the Trustee changed its name to BNY Mellon Corporate Trustee Services Limited.

The Trustee is a wholly owned subsidiary of BNY International Financing Corporation and administers a substantial and diverse portfolio of corporate trusteeships for both domestic and foreign companies and institutions.

The Trustee’s registered office and principal place of business is at One Canada Square, London E14 5AL.

## GENERAL INFORMATION

### 1. **Interests of Natural and Legal Persons Involved in the Issue**

Save as discussed in the Risk Factors above, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue.

### 2. **Reasons for the Issue and Estimated Total Expenses relating to Admission to Trading**

Reasons for the issue: the net proceeds of the issue of the Notes were used by the Issuer on the Issue Date to satisfy its initial payment obligation under the Charged Agreement.

Estimated total expenses: USD10,000.

### 3. **Yield**

Details of the interest payable under the Notes are set out in Paragraph 14 of the “Conditions of the Notes” above.

### 4. **Resolutions, Authorisations and Approvals by virtue of which the Notes have been Issued**

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of the Notes. The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 10 September 2019.

### 5. **Cash Flow and Flow of Funds**

Pursuant to the Charged Agreement, the Fixed Amount (as defined in the Charged Agreement) and the amount payable by the Buyer pursuant to paragraph 4 (*Final Exchange*) of the Confirmation (as defined in the Charged Agreement) will be paid to the Issuer for payment to the Noteholders by the Principal Paying Agent in respect of amounts due in respect of the Notes.

### 6. **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the twelve months prior to the date hereof a significant effect on the Issuer’s financial position or profitability.

### 7. **Post-Issuance Reporting**

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

### 8. **Documents on Display**

The Issuer has documents published on the website of Euronext Dublin, a link to which can be found below. The information contained on the website does not form part of the Prospectus unless it is incorporated by way of reference:

<https://www.ise.ie/>

For so long as the Instruments are admitted to the Official List of Euronext Dublin and admitted to trading on its regulated market, the following documents are available for inspection in the relevant hyperlinks set out below:

(i) the Base Prospectus:

[https://www.ise.ie/debt\\_documents/Base%20Prospectus\\_bb3598b5-2dda-4ed9-9971-eda7cce2452d.pdf](https://www.ise.ie/debt_documents/Base%20Prospectus_bb3598b5-2dda-4ed9-9971-eda7cce2452d.pdf)

(ii) the Constituting Instrument dated 12 September 2019 (as supplemented by a Supplemental Constituting Instrument dated 18 October 2019):

[https://www.ise.ie/debt\\_documents/Constituting%20Instrument\\_f828fe48-470f-4767-898e-df786aab77fc.PDF](https://www.ise.ie/debt_documents/Constituting%20Instrument_f828fe48-470f-4767-898e-df786aab77fc.PDF)

From the date of this Prospectus and for so long as any Notes remain outstanding, the Issuer will make available for inspection physical copies of the memorandum and articles of association of the Issuer during the usual business hours on any weekday (except Saturdays and Sundays and public holidays) at the specified office of the Principal Paying Agent.

9. **Swap Counterparty**

The Swap Counterparty has securities admitted to trading on the regulated market of the London Stock Exchange.

10. **Issuer's Legal Entity Identifier**

The Issuer's Legal Entity Identifier number is 54930075XI4SIBZCFE98.

## DESCRIPTION OF THE CHARGED ASSETS

As at the Issue Date, the Charged Assets shall comprised cash in an amount of USD 12,000,000 held in the Cash Account with the Custodian on behalf of the Issuer (the “**Cash Charged Assets**”) (such initial Charged Assets, the “**Initial Charged Assets**”).

*Noteholders should be aware that, to the extent that the Initial Charged Assets comprise Cash Charged Assets, the terms and conditions of the Notes permit (but do not oblige) the Swap Counterparty to substitute the Initial Charged Assets with the Bond Charged Assets following the Issue Date.*

*The Issuer accepts responsibility for the following information as provided in the section of this Prospectus headed “Responsibility Statement”. The following information and any other information contained in this Prospectus relating to the Bond Charged Assets is a summary only of certain terms and conditions of such Bond Charged Assets and has been reproduced from the website of Bloomberg. None of the Arranger, the Trustee, the Swap Counterparty or any of the other Programme Parties has verified, or accepts any responsibility whatsoever for the accuracy or completeness of, such information and prospective investors in the Notes should make their own independent investigations and enquiries in respect thereof and into the Bond Charged Assets and the obligor thereof.*

### **Bond Charged Assets:**

Bond Obligor:	Cooperatieve Rabobank U.A.
Description:	USD 12,000,000 principal amount of an issue by Cooperatieve Rabobank U.A. Bonds due 22 July 2024 (ISIN: US74977SDF65).
Issue Size:	USD 1,000,000,000 (as of 10 September 2019, and subject to subsequent increases and decreases).
Specified Currency or Currencies:	USD.
Aggregate Nominal Amount:	USD 12,000,000.
Interest:	2.625 per cent. per annum.
Interest Basis:	Fixed.
Legal Maturity Date:	22 July 2024.
ISIN:	US74977SDF65.
Name of Exchange on which securities of the Bond Obligor are listed:	Euronext Amsterdam.
Governing Law:	The laws of the Netherlands.



## DESCRIPTION OF THE REFERENCE ENTITY

*The Issuer accepts responsibility for the following information as provided in the section of this Prospectus headed "Responsibility Statement". The following information and any other information contained in this Prospectus relating to the Reference Entity has been reproduced from publicly available information. None of the Arranger, the Trustee, the Swap Counterparty or any of the other Programme Parties has verified, or accepts any responsibility whatsoever for the accuracy or completeness of, such information and prospective investors in the Notes should make their own independent investigations and enquiries in respect thereof and into the Reference Entity.*

Name:	The Government of Japan.
Description:	The Government of Japan is a sovereign entity.
Name of Exchange on which Securities issued by the Reference Entity are Listed:	The Reference Entity has securities listed on the Tokyo Stock Exchange, Osaka Stock Exchange and Nagoya Stock Exchange.

## ANNEX 1: FORM OF CHARGED AGREEMENT

The text below sets out the confirmation of the credit swap transaction entered into between the Swap Counterparty and the Issuer, with an effective date of 12 September 2019, save for footnote 1, which has been included in this Prospectus for the purposes of disclosure.

### CONFIRMATION OF CREDIT SWAP TRANSACTION

Date: 12 September 2019

To: ARLO II Limited

From: Barclays Bank PLC

Re: **Credit Swap Transaction**

The purpose of this communication, including the Exhibits hereto (this “**Confirmation**”), is to confirm the terms and conditions of the Credit Derivative Transaction entered into between us on 12 September 2019 (the “**Transaction**”). This Confirmation constitutes a “Confirmation” as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 2006 ISDA Definitions and the 2014 ISDA Credit Derivatives Definitions, each as published by the International Swaps and Derivatives Association, Inc. (“**ISDA**”) (collectively, the “**Credit Derivatives Definitions**”) are incorporated into this Confirmation. In the event of any inconsistency between the Credit Derivatives Definitions, the 2006 ISDA Definitions and this Confirmation, this Confirmation will govern.

This Confirmation supplements, forms a part of, and is subject to, the ISDA Master Agreement dated as of 12 September 2019, as amended and supplemented from time to time (the “**Agreement**”), entered into by you and us by our execution of the Constituting Instrument dated 12 September 2019 (the “**Constituting Instrument**”), by and among the parties thereto for purposes of constituting the Series CLN-28 USD 12,000,000 Secured Limited Recourse Credit Linked Notes due 24 July 2024 (the “**Notes**”) of the Issuer under its USD 5,000,000,000 Programme for the issue of Notes and the making of Alternative Investments (the “**Programme**”). All provisions contained in the Agreement govern this Confirmation except as expressly modified below. All terms defined in the Agreement and not otherwise defined herein shall have the meanings assigned in the Agreement. References to “**Notes**”, a “**Condition**” in respect of the Notes and any other capitalised term that is used but not defined herein, the Agreement or the Credit Derivatives Definitions shall have their respective meanings as defined in the Constituting Instrument.

Reference is also made to the EMIR Portfolio Reconciliation and Dispute Resolution Deed dated 31 January 2014 entered into between the Seller and the Buyer (both, defined below), which sets out the terms of a portfolio reconciliation process and dispute resolution process applicable to, *inter alia*, this Transaction and a side letter dated the same date relating thereto.

The terms of the Transaction to which this Confirmation relates are as follows:

1. **General Terms:**

- Trade Date: (i) For the purposes of the date on which the parties enter into this Transaction under Section 3.7 of the 2006 ISDA Definitions and under Section 1.13 of the Credit

Derivatives Definitions, 12 September 2019;

- (ii) For all other purposes of the Credit Derivatives Definitions (including, but not limited to, Section 1.16 and Section 1.23 of the Credit Derivatives Definitions (as amended by this Confirmation)) or otherwise relating to this Transaction, 27 August 2019.

Effective Date: 12 September 2019.

Scheduled  
Termination Date: 24 July 2024.

Securities Extension Date: The later to occur of (a) the last applicable day specified in the definition of Notice Delivery Period and (b) (i) the day that is 14 calendar days after the DC Credit Event Announcement, (ii) the DC No Credit Event Announcement (as defined in the Credit Derivatives Definitions), and (iii) the day that is 3 Business Days following the date that is 14 calendar days after the DC Credit Event Question Dismissal, in each case 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).

Floating Rate Payer: ARLO II Limited (“**Seller**”).

Fixed Rate Payer: Barclays Bank PLC (“**Buyer**”).

Calculation Agent: Barclays Bank PLC.

Calculation Agent  
City: Tokyo.

Business Days: Tokyo, London and New York.

Business Day  
Convention: Following (which shall apply to any date other than the Trade Date, Effective Date, Credit Event Backstop Date<sup>1</sup>, Successor Backstop Date and the Scheduled Termination Date).

Transaction Type: Standard Japan Sovereign.

Reference Entity: The Government Of Japan and any Successors.

Standard Reference Applicable.

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<sup>1</sup> For the purposes of disclosure, the definition of “**Credit Event Backstop Date**” can be found at Section 1.39 of the Credit Derivatives Definitions and is as follows: “(a) for purposes of any event that constitutes a Credit Event for purposes of the Credit Derivative Transaction (or with respect to a Repudiation/Moratorium, if applicable, the event described in Section 4.6(a)(ii) (Repudiation/Moratorium)), as determined by DC Resolution, the date that is sixty calendar days prior to the Credit Event Resolution Request Date, or (b) otherwise, the date that is sixty 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. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.”

Obligation:

Seniority Level: Senior.

Reference Obligation: In respect of the Reference Entity,

(i) for the purposes of “Settlement Terms” in paragraph 7 below and Article VII of the Credit Derivatives Definitions, an obligation of the Reference Entity (either directly or as provider of a guarantee) selected by the Swap Counterparty in its sole discretion satisfying the definition of Deliverable Obligation in accordance with Section 3.2 of the Credit Derivatives Definitions, (which for the avoidance of doubt shall include (i) an obligation of the Reference Entity determined in accordance with Section 2.5 of the Credit Derivatives Definitions, (ii) solely in relation to a Restructuring Credit Event and unless Asset Package Delivery is applicable, any Sovereign Restructured Deliverable Obligation, and (iii) if Asset Package Delivery is applicable, (a) a Package Observable Bond, and (b) Assets (as defined in the Credit Derivatives Definitions) received by a holder of a Package Observable Bond in connection with an Asset Package Credit Event, which if selected, shall be treated in aggregate as having the same currency, Outstanding Principal Balance or Due and Payable Amount, as applicable, as the Package Observable Bond to which it corresponds had immediately prior to the Asset Package Credit Event); and

(ii) for all other purposes (including for the purposes of Section 3.2 of the Credit Derivatives Definitions), an obligation of the Reference Entity (either directly or as provider of a guarantee) determined in accordance with Section 2.5 of the Credit Derivatives Definitions.

Original Non-Standard Reference Obligation:

The obligation identified as follows:

Obligor: Japan

Maturity: 21 March 2022

Coupon: 2.00% per annum

ISIN: JP1200551248

All Guarantees: Applicable.

Reference Price: 100 per cent.

## 2. **Initial Exchange:**

On 12 September 2019, Seller shall pay to Buyer USD 12,000,000 (the “**Initial Exchange Amount**”) and Buyer shall deliver and/or transfer to, or to the order of, Seller the Initial Charged Assets (free and clear of all charges, liens and other encumbrances but together with the benefit of all rights and entitlements attaching thereto at any time after the date of delivery). It is a condition precedent to Buyer’s obligation to deliver and/or transfer the Initial Charged Assets and

to pay any Buyer Payments that Seller has paid the Initial Exchange Amount on 12 September 2019.

3. **Interim Exchange:**

On the date that falls two Business Days following each date on which both the Buyer and the Seller are notified by the Custodian of a Custodian Charge, if any, applied by the Custodian to the Cash Account, the Buyer shall pay to, or to the order of, the Seller an amount equal to such Custodian Charge, provided that (a) as provided in the Conditions and the Custody Agreement, the Custodian shall only levy such Custodian Charge if the relevant overnight benchmark rate or any official overnight interest rate set by a central bank or other monetary authority applicable to the Cash Account reaches or falls below zero; and (b) no amounts shall be payable by the Buyer to the Seller in relation to a Custodian Charge levied by the Custodian during the Extension Calculation Period.

Pursuant to the Conditions and the Custody Agreement the Custodian Charge shall include any charges or fees that the Custodian may apply to the Cash Account in addition to any negative interest that may be chargeable as a result of any negative interest rate applicable to such account.

4. **Final Exchange:**

On the date that falls one (1) Business Day prior to the Maturity Date, Buyer shall pay to Seller an amount equal to the aggregate Redemption Amount of the Notes and Seller shall (a) pay any amounts standing to the credit of the Cash Account(s) to or to the order of Buyer, and (b) deliver the Charged Assets to or to the order of Buyer, in each case to the extent not required by Seller to discharge its obligations in respect of the Notes or otherwise paid or delivered under the provisions hereof.

5. **Buyer Payments:**

A. Periodic Payments: With respect to each Buyer Calculation Period under this paragraph 5A, Buyer will pay on the Buyer Payment Date in respect of such Buyer Calculation Period the Buyer Payment Amount.

Buyer Period End Dates: 24 January, 24 April, 24 July and 24 October in each year from (and including) 24 October 2019 to (and including) the Scheduled Termination Date and, if later, the Securities Extension Date.

Buyer Payment Amount: The sum of (a) the Buyer Payment Amount A and (b) the Fixed Amount, provided that if, but for this proviso, the Buyer Payment Amount would be negative, the Buyer Payment Amount shall be zero (and, in such circumstances, and for the avoidance of doubt, the absolute value of the negative Buyer Payment Amount shall not be payable by the Seller).

Buyer Payment Date: Two Business Days prior to each Buyer Period End Date (provided that if an Event Determination Date occurs, two Business Days prior to the Maturity Date of the Notes shall be the final Buyer Payment Date).

Buyer Calculation Period: The period from (and including) a Buyer Period End Date (or in respect of the first Buyer Calculation Period, one Business Day immediately following the Effective Date) to (but excluding) the next (or first) Buyer Period End Date.

**Buyer Payment Amount A:**

Buyer Calculation Amount A: Outstanding Principal Amount of the Notes.

Buyer Payment Amount A: With respect to each Buyer Calculation Period, an amount determined by the Calculation Agent equal to:

1. the Buyer Calculation Amount A; multiplied by
2. the Floating Rate for such Buyer Calculation Period determined by the Calculation Agent on the day that is two London Banking Days preceding the Reset Date pursuant to the 2006 ISDA Definitions (the “**2006 Definitions**”) and based on the Floating Rate Option and Designated Maturity specified below; multiplied by
3. a fraction, the numerator of which equals the actual number of days in such Buyer Calculation Period and the denominator of which is 360,

**provided that** (i) upon the earlier to occur of (a) the last day of the Buyer Calculation Period immediately preceding the Scheduled Termination Date, and (b) occurrence of an Event Determination Date or a Bond Event Notice Delivery Date, the Buyer Payment Amount A shall cease to accrue or be payable from and including such Event Determination Date or the Buyer Period End Date immediately preceding such Bond Event Notice Delivery Date (or, if there is no preceding Buyer Period End Date, one Business Day immediately following the Effective Date).

Reset Date: First day of a Buyer Calculation Period.

Floating Rate Option: USD-LIBOR-BBA.

If such rate does not appear on the Reuters Screen LIBOR01 Page, the rate for that Reset Date will be determined by the Calculation Agent in its sole discretion.

Designated Maturity: Linear Interpolation of one month and two months in respect of the first Buyer Calculation Period.

Three months in respect of each Buyer Calculation Period thereafter.

**Fixed Amount:**

Fixed Rate Outstanding Principal Amount of the Notes.

Calculation Amount:

Fixed Rate: 0.88 per cent. per annum.

Fixed Rate Day Actual/360.  
Count Fraction:

Fixed Amount: With respect to each Buyer Calculation Period (other than the Extension Calculation Period), an amount determined by the Calculation Agent equal to:

- (1) the Fixed Rate Calculation Amount; multiplied by
- (2) the Fixed Rate; multiplied by
- (3) the Fixed Rate Day Count Fraction,

**provided that:**

- (a) the final Buyer Period End Date in respect of any Fixed Amount shall fall no later than the Scheduled Termination Date, subject as provided in the further proviso below; and
- (b) upon the occurrence of an Event Determination Date or a Bond Event Notice Delivery Date, the Fixed Amount shall cease to accrue or be payable from (and including) such Event Determination Date or the Buyer Period End Date immediately preceding such Bond Event Notice Delivery Date (or, if there is no preceding Buyer Period End Date, one Business Day immediately following the Effective Date),

**provided further that** if there is an Securities Extension Date and either:

- (1) an Event Determination Date has not occurred on or prior to the Securities Extension Date; or
- (2) a Bond Event Notice Delivery Date has not occurred on or prior to the Securities Extension Date,

then, with respect to the applicable Buyer Calculation Period (which shall be the period from, and including, the Scheduled Termination Date to, but excluding, the Securities Extension Date) (such period, the "**Extension Calculation Period**"), the Fixed Amount shall be an amount equal to:

- (1) the portion of the Redemption Proceeds attributable to a redemption of the Charged Assets credited to the relevant Cash Account; multiplied by
- (2) the Overnight Rate; multiplied by
- (3) a fraction, the numerator of which equals the actual number of days from, and including, the Scheduled Termination Date to, but excluding, the Securities Extension Date, and the denominator of which is 360,

subject to a minimum of zero.

B. Initial Payment: None.

C. Final Payments: None.

6. **Seller Payments:**

- A. Periodic Payments:
- (i) On each Variable Amount Payment Date, Seller shall pay Buyer the Variable Amount in respect of such Variable Amount Payment Date; and
  - (ii) on each respective Cash Account Interest Payment Date, Seller shall pay Buyer an amount equal to the respective Cash Account Interest Amount accrued up to but excluding such Cash Account Interest Payment Date.

Variable Amount Payment Dates: The Business Day immediately following the Charged Assets Payment Date.

Charged Assets Payment Date: From and including the Effective Date, each date (without regard to any grace period or the satisfaction of any conditions precedent to the commencement of such grace period) upon which a payment of interest is stated to be due under any Charged Assets held by Seller from time to time (for the avoidance of doubt, as may be adjusted pursuant to the terms of the Credit Support Annex) in accordance with the terms and conditions of such Charged Assets in effect as at the Trade Date.

Variable Amounts: In respect of each Variable Amount Payment Date, the greater of (x) zero and (y) an amount equal to each payment of interest stated to be due on the immediately preceding Charged Assets Payment Date in respect of the relevant Charged Assets held by Seller from time to time (for the avoidance of doubt, as may be adjusted pursuant to the terms of the Credit Support Annex) in accordance with the terms and conditions of such Charged Assets in effect as at the Trade Date.

Non-Standard Event Determination Date: Applicable.

Conditions to Settlement: Credit Event Notice.

Notifying Party: Buyer.

Notice of Publicly Available Information: Applicable.

Public Sources: As specified in Section 1.36.

Specified Number: Two.

Credit Events: Failure to Pay.

Payment Requirement: USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay.



Repudiation/Moratorium.

Restructuring.

Multiple Holder Obligation: Not Applicable

Default Requirement: USD 10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay.

Grace Period Extension: Not Applicable.

Obligations: The Reference Obligation and any other obligation of the Reference Entity (either directly or as provider of any Relevant Guarantee or, if All Guarantees is specified as applicable, as provider of any Qualifying Guarantee) as described in accordance with the Obligation Category and Obligation Characteristics set out below.

Obligation Category: Borrowed Money.

Obligation Characteristics: None.

Excluded Obligations: None.

7. **Settlement Terms:**

Settlement Method: For purposes of the Credit Derivatives Definitions, Auction Settlement shall apply, provided however that Section 6.1 of the Credit Derivatives Definitions shall be amended (i) by the deletion of the words "Seller shall, subject to Section 5.1, pay to Buyer" and the insertion of the words "Buyer shall, subject to Section 5.1, pay to Seller" in the first sentence thereof; and (ii) in lieu of the payment of any Auction Settlement Amount, the Buyer shall instead pay to the Seller an amount equal to the Adjusted Notional Amount.

For the avoidance of doubt, if more than one set of Deliverable Obligation Terms are published by the DC Secretary in respect of the Credit Derivatives Auction Settlement Terms relating to the Reference Entity, the relevant Auction for the purposes of determining the Auction Final Price shall be the Auction (if any) in respect of which the Deliverable Obligation Terms require that the relevant obligations be Not Subordinated to obligations which are of the same seniority as the Reference Obligation.

Fallback Settlement Method: Cash Settlement, provided however that Section 7.1 of the Credit Derivatives Definitions shall be amended (i) by the deletion of the words "Seller shall, subject to Section 5.1, pay to Buyer" and the insertion of the words "Buyer shall, subject to Section 5.1, pay to Seller" in the penultimate line thereof; and (ii) in lieu of the payment of any Cash Settlement Amount, the Buyer shall instead

pay to the Seller an amount equal to the Adjusted Notional Amount.

**Terms Relating to Auction Settlement:**

**Auction Settlement Amount:** In respect of the Reference Entity, an amount equal to the greater of (i) (a) the Initial Notional Amount multiplied by (b) the Reference Price minus the Auction Final Price for the Reference Entity and (ii) zero.

**Auction Settlement Date:** Five (5) Business Days following the Auction Final Price Determination Date.

**Auction Final Price:** Auction Final Price (expressed as a percentage) has the meaning set forth in the Transaction Auction Settlement Terms in respect of the Reference Entity.

**Terms Relating to Cash Settlement:**

**Cash Settlement Amount:** In respect of the Reference Entity, an amount equal to the greater of (i) (a) the Initial Notional Amount multiplied by (b) the Reference Price minus the Final Price for the Reference Entity and (ii) zero.

**Final Price:** In respect of the Reference Obligation, the price of such Reference Obligation (expressed as a percentage) which shall be determined by the Calculation Agent in its sole and absolute discretion in accordance with the specified Valuation Method.

References in Section 7.7(b) to a party that is not the Calculation Agent seeking Quotations shall be deleted.

**Costs:** An amount in USD (which shall be a positive amount if payable to the Buyer, and a negative amount if payable to the Seller) determined by the Calculation Agent, in its sole and absolute discretion, applying such commercially reasonable procedures as it deems appropriate, equal to the sum of (a) any loss, cost or expense (including, but not limited to, the loss of bargain, cost of funding, or any loss, costs or expenses in terminating, unwinding, liquidating, obtaining or re-establishing any hedge or related trading position) incurred as a result of terminating this Transaction early (which shall be a positive amount if payable to the Buyer, and a negative amount if payable to the Seller), (b) any costs, fees and expenses incurred in connection with the early redemption of the Notes and/or the delivery of the Charged Assets to the Buyer, including, without limitation, any brokers' commissions, fees and expenses, any taxes of any nature and stamp duties, any funding costs and any legal or other ancillary costs incurred by the Seller or the Buyer as a consequence of such early termination and (c) an amount by which the market value of (i) the Bond Charged Assets with a principal amount equal to the principal amount of the outstanding Notes has decreased from the Trade Date to the Early Termination Date (or,

if earlier, the date upon which the Charged Assets are redeemed), provided that, for the purpose of determining the Bond Redemption Amount, the amount described in (c) shall be deemed to be zero.

Cash Settlement Date:	In respect of the Reference Entity, the date which is five (5) Business Days following the date upon which the Cash Settlement Amount in respect of the Reference Entity is determined.
Valuation Date:	Single Valuation Date. The Valuation Date shall be a Business Day selected by Buyer that is at least five (5) Business Days after the occurrence of an Auction Cancellation Date, a No Auction Announcement Date or such other date as referred to in Section 6.1 of the Credit Derivatives Definitions (as the case may be) upon which it is determined that the Fallback Settlement Method shall apply.  References in the Credit Derivatives Definitions to “Physical Settlement” or to “Delivery Date” shall be deemed to be references to the relevant Valuation Date.
Valuation Time:	A time specified by the Calculation Agent as close as reasonably practicable to 11:00 a.m. in the relevant Calculation Agent City unless the Calculation Agent determines the principal market for transactions in the relevant Reference Obligation is closed at such time, in which case the Valuation Time shall be such other time selected by the Calculation Agent.
Quotation Method:	Bid.
Quotation Amount:	In respect of a Reference Obligation, an amount specified by the Calculation Agent not in excess of the greater of (i) the Initial Notional Amount of such Reference Obligation, and (ii) 1,000,000 units of the Settlement Currency (or, if Japanese Yen, 100,000,000 units of the currency) (or if such Reference Obligation is not denominated in the Settlement Currency, the equivalent of such amount in the relevant Obligation Currency 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).
Quotations:	Exclude Accrued Interest.
Dealers:	Dealers, financial institutions or funds that deal or invest in obligations of the type for which Quotations are to be obtained, as selected by and exclusive of Buyer. Neither the Buyer nor any of its affiliates shall be eligible to provide bid quotations.
Settlement Currency:	The currency in which the Fixed Rate Calculation Amount is denominated.
Valuation Method:	Highest.

The phrase “with only one Valuation Date” shall be deleted in Section 7.5(a). Section 7.5(b) of the Credit Derivatives Definitions shall not apply.

**A. Bond Settlement**

If a Bond Redemption Event occurs, Buyer shall have the right to deliver a Bond Event Notice to Seller and the following provisions shall apply. Any failure or delay by Buyer to deliver a Bond Event Notice shall not constitute a waiver of Buyer’s right to deliver such a notice in respect of the relevant Bond Redemption Event or in respect of any other Bond Redemption Event.

- (i) Following the date upon which the Bond Event Notice is delivered (the “**Bond Event Notice Delivery Date**”), Buyer shall promptly deliver a notice to Seller setting out its choice and designating the Early Termination Date (an “**Early Termination Notice**”);
- (ii) upon receipt by Seller of an Early Termination Notice from Buyer, Seller shall take reasonable efforts to deliver and/or pay the Charged Assets (together with the Cash Account Balance, if any), or to procure that the Charged Assets (together with the Cash Account Balance, if any) are delivered and/or paid to, or to the order of, Buyer on or prior to the Early Termination Date (free and clear of all charges, liens and other encumbrances but together with the benefit of all rights and entitlements attaching thereto at any time after the date of delivery). Any stamp duty or other tax, levy or duty and any other costs and expenses payable in respect of the delivery of the Charged Assets shall be the responsibility of, and payable by, Buyer and such delivery shall be subject to payment of the same by Buyer;
- (iii) if, despite the reasonable efforts of Seller, any of such Charged Assets have not been delivered to Buyer on or prior to the Early Termination Date or the Calculation Agent determines in its sole discretion that it is not practicable to deliver all or part of the Charged Assets to Buyer, whether by reason of any transfer restriction on the securities in question or the nature or status of Buyer or for any other reason, Seller shall be obliged to use its reasonable endeavours to procure such delivery as soon as practicable thereafter;
- (iv) provided that the Charged Assets (and the Cash Account Balance, if any) have been delivered and/or paid to Buyer on or prior to the Early Termination Date, Buyer shall pay to Seller an amount equal to the Bond Redemption Amount on the Early Termination Date. If the Charged Assets have not been delivered to Buyer on or prior to the Early Termination Date, Buyer shall pay to Seller an amount equal to the Bond Redemption Amount following receipt of the Charged Assets from Seller pursuant to sub-paragraph (iii) above; and
- (v) following satisfaction of Buyer’s and Seller’s respective payment and delivery obligations pursuant to sub-paragraphs (ii) and (iv) above, the Early Termination Date shall be the Termination Date and no further amounts shall be paid by either Buyer or Seller.

**B. Credit Event Settlement**

If an Event Determination Date occurs on or prior to the later of: (a) the Scheduled Termination Date and (b) the Securities Extension Date (and is not otherwise deemed not to have occurred) with respect to the Reference Entity, the following provisions shall apply:

- (i) on or after the Event Determination Date and on demand of Buyer, Seller shall take reasonable efforts to deliver and/or pay the Charged Assets (together with the Cash Account Balance, if any), or to procure that the Charged Assets (together with the Cash Account Balance, if any) are delivered and/or paid, to or to the order of Buyer on or prior to the Auction Settlement Date or the Cash Settlement Date (as the case may be) (free and clear of all charges, liens and other encumbrances but together with the benefit of all rights and entitlements attaching thereto at any time after the date of delivery). Any stamp duty or other tax, levy or duty and any other costs and expenses payable in respect of the delivery of the Charged Assets shall be the responsibility of, and payable by, Buyer and such delivery shall be subject to payment of the same by Buyer;
- (ii) if, despite the reasonable efforts of Seller, any of such Charged Assets have not been delivered to Buyer by the Auction Settlement Date or the Cash Settlement Date (as the case may be) or the Calculation Agent determines in its sole discretion that it is not practicable to deliver all or part of the Charged Assets to Buyer, whether by reason of any transfer restriction on the securities in question or the nature or status of Buyer or for any other reason, Seller shall be obliged to use its reasonable endeavours to procure such delivery as soon as practicable thereafter;
- (iii) on the Auction Settlement Date or the Cash Settlement Date (as the case may be), provided that the Charged Assets (and the Cash Account Balance, if any) have been delivered and/or paid to Buyer, Buyer shall pay to Seller an amount equal to the Adjusted Notional Amount; and
- (iv) following satisfaction of Buyer's and Seller's respective payment and delivery obligations pursuant to sub-paragraphs (i) and (iii) above, the Auction Settlement Date or the Cash Settlement Date (as the case may be) shall be the Termination Date and no further amounts shall be paid by either Buyer or Seller.

C. **Definitions:**

For the purposes hereof:

**"Adjusted Notional Amount"** means an amount equal to the greater of (a) zero and (b)(i) the Initial Notional Amount minus (ii) the Auction Settlement Amount or Cash Settlement Amount, as applicable, minus (c) the Extension Calculation Period Amount (to the extent applicable and if any) minus (d) Costs.

**"Bond Charged Assets"** has the meaning ascribed to it in the Conditions of the Notes.

**"Bond Event Notice"** means a notice delivered by Buyer to Seller, on or prior to the Scheduled Termination Date, specifying the occurrence of a Bond Redemption Event.

**"Bond Redemption Amount"** means either:

- (i) an amount equal to the market value of the Bond Charged Assets with a principal amount equal to the Reference Amount as determined by the Calculation Agent in its sole and absolute discretion:
  - a. less the aggregate of the Extension Calculation Period Amounts; and
  - b. less the Costs, if Costs are a positive amount deemed payable to Buyer; or

- c. plus the absolute value of the Costs, if Costs are a negative amount deemed payable by the Buyer,

and provided that in each case, if the Bond Redemption Amount is an amount less than zero, the Bond Redemption Amount shall be deemed to be zero and no Bond Redemption Amount shall be payable.

**“Bond Redemption Event”** means the occurrence of any of the following at any time from and including 27 August 2019 and on or prior to the Scheduled Termination Date:

- (i) the Issuer satisfies the Trustee that the performance of its obligations under the Notes or ancillary thereto has or will become unenforceable, illegal or otherwise prohibited in whole or in part as a result of the Issuer’s compliance with any applicable present or prospective law, rule, regulation, judgment, order or directive of or in any jurisdiction or any governmental administrative, legislative or judicial power or the interpretation thereof; or
- (ii) if the Charged Agreement is terminated (in whole but not in part and other than in consequence of Condition 7(h) or Condition 7(i) or in connection with a redemption of the Notes pursuant to paragraph 25(B) or Condition 9 or pursuant to an Early Termination Date that is designated or deemed to occur as a result of an Event of Default in relation to the Swap Counterparty as the Defaulting Party); or
- (iii) a Bond Event of Default; or
- (iv) a Note Tax Event; or
- (v) the issuer of the Bond Charged Assets exercises its MREL Disqualification Event Call option (as described under the terms of the Bonds) to redeem all of the Bonds, in full, pursuant to an MREL Disqualification Event as defined under the terms of the Bonds, where such an event shall be deemed to occur upon receipt by the Issuer of a notice of redemption from the Bond Issuer, or if no such notice is received, on the date of the relevant redemption; or
- (vi) the issuer of the Bond Charged Assets exercises its option to substitute all of the Bonds or vary the terms of all of the Bonds upon the occurrence of an MREL Disqualification Event or an Alignment Event or an Amending Act Exchange Event (each as defined under the terms of the Bonds), where such event shall be deemed to occur upon receipt by the Issuer of a notice of substitution or variation from the Bond Issuer;
- (vii) a Bond Resolution Event; or
- (viii) a Bond Restructuring Event,

Where:

**“Bond Event of Default”** means the occurrence of any of the following (or such event or condition which with notice or lapse of time or both would constitute any of the following):

- (i) the failure of the issuer of the Bond Charged Assets, uncured after 5 business days (as defined in the terms and conditions of the Relevant Debt), to pay interest on the Relevant Debt when due in accordance with the respective terms and conditions of such Relevant Debt (in each case in effect as of the Trade Date);

- (ii) the failure of the issuer of the Bond Charged Assets to pay the stated principal amount of the Relevant Debt on its respective applicable legal maturity date in accordance with the respective terms and conditions of such Relevant Debt (in each case in effect as of the Trade Date);
- (iii) the occurrence of certain events of bankruptcy, insolvency or reorganisation of the issuer of the Bond Charged Assets in accordance with the respective terms and conditions of such Relevant Debt as of the Trade Date;
- (iv) any mandatory, optional or other early redemption event occurs under the Bond Charged Assets including without limitation as a result of a tax event, change in tax law or imposition of withholding or other charge or duty that was not in effect as of the Trade Date without giving effect to any subsequent amendments thereof;
- (v) the occurrence of either of the following events: the issuer of the Bond Charged Assets (x) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, its obligations under the Bond Charged Assets or (y) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure*, with respect to the relevant obligations under any of the Bond Charged Assets; or
- (vi) on any due date for payment in respect of the Bond Charged Assets in accordance with the respective terms and conditions (in each case in effect as of the Trade Date) of the Bond Charged Assets, a withholding, deduction or account is made in respect of any payment due to the Issuer in respect of the Bond Charged Assets for any reason,

each as determined by the Calculation Agent in its sole and absolute discretion.

**“Bond Restructuring Event”** means, a determination by the Calculation Agent in respect of this Transaction (being the same entity as the Determination Agent in respect of the Notes), in its sole and absolute discretion, that any actual or proposed restructuring or similar event in respect of the Charged Assets and/or any Relevant Debt (A) which has taken effect and/or (B) in respect of which the Issuer and/or any Agent has notice, including, in each case and without limitation, any amendment, modification and/or supplement to the terms and conditions of the Charged Assets and/or any Relevant Debt in effect as at the Trade Date resulting in (1) the reduction of any principal, premium, interest or any other amounts payable or accruing thereunder (including by way of redenomination), (2) any change in the dates for the payment of any amounts contemplated under item (1) herein, (3) any change of identity of any obligor in respect thereof, (4) any change in the ranking in priority of payments in respect thereof, (5) any change in currency of any amount payable in respect thereof, and/or (6) any release or change in respect of any security relating to the obligations of any obligor in respect of the Charged Assets and/or any Relevant Debt.

**“Bond Resolution Event”** means the occurrence of any of the following (or such event or condition which with notice or lapse of time or both would constitute any of the following):

- (i) any obligor in respect of the Bond Charged Assets (a **“Bond Obligor”**) becomes subject to any bank resolution and recovery regime (or equivalent) in any jurisdiction; and/or
- (ii) pursuant to the terms of the Bond Charged Assets and/or any legal or regulatory regime in any jurisdiction to which any Bond Obligor is subject to any one or more of the following events occurs as a result of action taken, or an announcement

made, by a Resolution Authority pursuant to, or by means of, any bank resolution and recovery regime (or equivalent) in any jurisdiction in respect of any Bond Obligor irrespective of whether such event is expressly provided for under the terms of the Bonds:

- (a) any of the Bond Charged Assets (or the obligations thereunder) are converted or exchanged (in whole or in part) for ordinary shares, common stock, equity, or other securities or obligations of the relevant Bond Obligor or another person;
- (b) any of the payment obligations of any Bond Obligor in respect of the Bond Charged Assets are subject to any reduction or cancellation whether in whole or in part;
- (c) the maturity of the Bond Charged Assets, or the dates on which interest under the Bond Charged Assets becomes payable is amended, altered, postponed or deferred (including, without limitation, the suspension of payment for a temporary period);
- (d) a mandatory cancellation of the Bond Charged Assets;
- (e) a change in the ranking in priority of payment of any Bond Charged Assets, causing the subordination of such Bond Charged Assets to any other Relevant Debt;
- (f) an expropriation, transfer or other event which mandatorily changes the beneficial owner of any of the Bond Charged Assets;
- (g) any rights of any holder of the Bond Charged Assets are subject to any moratorium in respect of their exercise; and/or
- (h) any event which has an analogous effect to any of the events specified in subparagraphs (a) to (h).

**“Cash Account Balance”** means the amount standing to the credit of a Cash Account from time to time including any interest thereon.

**“Cash Account Interest Amount”** means in respect of a Cash Account Interest Period, the amount of interest accrued on a Cash Account in respect of such period, as calculated in accordance with the methodology described in the Condition of the Notes, provided that such amount of accrued interest shall always be subject to a minimum of zero.

**“Cash Account Interest Payment Date”** means the first day of each month except that the first Cash Account Interest Payment Date shall fall on the first day of the month on which any Redemption Proceeds are credited to a Cash Account.

**“Cash Account Interest Period”** means the period beginning on (and including) one Cash Account Interest Payment Date to but excluding the next following Cash Account Interest Payment Date except that the final Cash Account Interest Period shall end on (but exclude) the Scheduled Termination Date.

**“Cash Settlement Amount”** means the “Cash Settlement Amount” as determined by the Calculation Agent in accordance with Paragraph 7.

**“Cash Settlement Date”** has the meaning ascribed to it in Paragraph 7.



**“CDDC Rules”** means the Credit Derivatives Determinations Committees Rules as made available on the website of the Credit Derivatives Determinations Committees at [www.cdsdeterminationscommittees.org/](http://www.cdsdeterminationscommittees.org/) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

**“Charged Assets”** has the meaning ascribed to it in the Conditions of the Notes.

**“Credit Derivatives Auction Settlement Terms”** means any Credit Derivatives Auction Settlement Terms published by the DC Secretary, a form of which will be published by the DC Secretary on its website at [www.cdsdeterminationscommittees.org/](http://www.cdsdeterminationscommittees.org/) (or any successor website thereto) from time to time and may be amended from time to time in accordance with the CDDC Rules.

**“Credit Event Backstop Date”** means (a) For purposes of any event that constitutes a Credit Event (or with respect to Repudiation/ Moratorium, if applicable, the event described in Section 4.6(a)(ii) (Repudiation/ Moratorium) of the Credit Derivatives Definitions) as determined by a DC Resolution, the date that is 60 calendar days prior to the Credit Event Resolution Request Date, or (b) otherwise, the date that is 60 calendar days prior to the earlier of (i) the first date on which both the Credit Event Notice and, Notice of Publicly Available Information are delivered by the Swap Counterparty to the Paying Agent (the “Notice Delivery Date”), and are effective 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. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**“Credit Event Notice”** means an irrevocable notice from the Buyer (which may be in writing (including by facsimile and/or email) and/or telephone) to the Seller that describes a Credit Event that occurred on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time) and, on or prior to the Extension Date (as defined in the Credit Derivatives Definition) (determined by reference to Greenwich Mean Time). Any Credit Event Notice that describes a Credit Event that occurred after the Scheduled Termination Date must relate to the relevant Repudiation/Moratorium.

**“DC Credit Event Announcement”** has the meaning ascribed to it in Section 1.28 of the Credit Derivatives Definitions and for the purposes of such definition, the definition of Extension Date shall have the meaning ascribed to it in the Credit Derivatives Definitions.

**“DC Secretary”** has the meaning set forth in the CDDC Rules.

**“Deliverable Obligation Category”** means Bond or Loan.

**“Deliverable Obligation Characteristics”** means Specified Currency, Transferable, Assignable Loan, Consent Required Loan, Not Bearer, Maximum Maturity: 30 years.

**“Determination Agent”** means the determination agent appointed under the Conditions of the Notes.

**“Early Termination Date”** means the date that is specified as such by Buyer in its Early Termination Notice, and where it is specified following a Bond Event Notice Delivery Date, such date shall be at least five Business Days following the Business Day falling after the corresponding Bond Event Notice Delivery Date.

**“Extension Notice”** means an irrevocable notice (which may be oral including by telephone) from Buyer to Seller, the Calculation Agent and the Paying Agent given on or prior to the Scheduled Termination Date specifying that the Buyer has determined in its

sole and absolute discretion that the Reference Entity (or any Obligations in respect thereof) may be subject to a Credit Event, or that a Potential Repudiation/Moratorium may have occurred. An Extension Notice is effective when given and if given after 4.00 p.m. London time on a Business Day will be deemed given on the next Business Day.

**“Initial Charged Assets”** has the meaning ascribed to it in the Conditions of the Notes.

**“Initial Notional Amount”** means an amount equal to the Fixed Rate Calculation Amount.

**“Note Tax Event”** means the occurrence of any of the following (or such event or condition which with notice or lapse of time or both would constitute any of the following):

- (i) either the Issuer or the Calculation Agent determines that the Issuer will be required, on any date (including, without limitation, any due date for any payment in respect of the Notes):
  - (a) by any applicable law;
  - (b) due to any action taken or demand made by a tax authority;
  - (c) due to change in ownership, status or any other circumstances with respect to the holding of the Notes (including, but not limited to, any change in beneficial ownership of the Notes where such new beneficial owner is incorporated or resides in a jurisdiction in respect of which any previously applicable exemption or other relief for, or in respect of any tax that may have been applicable to, or relied upon by, the Issuer in respect payments under the Notes may no longer apply in respect of the Issuer and/or the Notes), the Issuer may no longer rely upon any previously applicable exemption or other relief in respect of any tax in respect of payments to a Noteholder under the Notes (whether such previously applicable exemption or other relief arose pursuant to any treaty or otherwise);and/or
  - (d) as a result of any change in, or proposed change in, or amendment to, or proposed amendment to, the accounting standards, practices or guidelines applicable in the jurisdiction of incorporation of the Issuer or pursuant to which the Issuer prepares its financial statements (if any) (**“Applicable Accounting Standards”**) or applicable tax law, practices or guidelines applicable in the jurisdiction of incorporation of the Issuer (**“Applicable Tax Laws”**) or any change in, or proposed change in the application of, the official or generally published interpretation of the Applicable Accounting Standards or Applicable Tax Laws,

to, each case, (i) withhold, deduct, reimburse or account for an amount for any past, present or future taxes, duties or charges of whatsoever nature (other than a withholding or deduction in respect of FATCA (as defined in Condition 8(d))) or would suffer the same in respect of its income so that it would be unable to make in full the payment in respect of the Notes in respect of any due date for payment in respect of the Notes, and/or (ii) on the due date for any payment in respect of the Notes, such a withholding, deduction or account is actually made in respect of any payment under the Notes (other than where such event occurs due to circumstances described under item (vi) of the definition of Bond Event of Default).

**“Notice Delivery Period”** means the period from and including the Trade Date, to and including a day that is three (3) Business Days following the date that is 14 calendar days after the later of (i) the Scheduled Termination Date, and (ii) the Repudiation/Moratorium

Evaluation Date. Section 1.23 (*Notice Delivery Period*) of the Credit Derivatives Definitions shall be amended accordingly.

**“Redemption Proceeds”** means any proceeds in any applicable currency from a redemption in respect of the Charged Assets in accordance with the terms and conditions of such Charged Assets.

**“Reference Amount”** means (i) as of the Trade Date and Issue Date, the Initial Reference Amount, and (ii) at any other time, the outstanding Principal Amount of the Notes.

**“Relevant Debt”** means (a) any of the Bond Charged Assets and (b) all other debt of the issuer of the Bond Charged Assets which ranks in priority of payment on a *pari passu* basis with such Charged Assets.

**“Replacement Charged Assets”** has the meaning ascribed to it in the Conditions of the Notes.

**“Repudiation/Moratorium Evaluation Date”** means if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Termination Date, the date that is the later of (i) the date that is sixty calendar days after the date of such Potential Repudiation/Moratorium, and (ii) the first payment date under any such Bond (as defined in the Credit Derivative Definitions) comprised in the Obligations 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).

**“Sale Proceeds”** means the net proceeds from the sale and/or realisation of the Charged Assets (excluding any Charged Assets which comprise cash) by the Realisation Agent in accordance with the Conditions (after deduction therefrom by the Realisation Agent of its usual fees and any costs and expenses incurred in connection with the sale of such Charged Assets).

**“Transaction Auction Settlement Terms”** means the Credit Derivatives Auction Settlement Terms applicable to the Reference Entity and obligations of the Reference Entity that are Not Subordinated to obligations which are of the same seniority as the Reference Obligation and for which this Transaction would be an “Auction Covered Transaction” (where for the avoidance of doubt, for such purpose in relation to the definition of “Auction Covered Transaction”, this Transaction shall meet the criteria outlined in paragraph (b) of the definition of “Covered Non-Swaption Transaction” (as defined in such Transaction Auction Settlement Terms) relating to “Auction Settlement” being the applicable Settlement Method).

8. **Additional Provisions:**

- A. Unless the context otherwise requires, words in the singular include the plural, and words in the plural include the singular.
- B. Section 9(g) of the Agreement (Headings) applies to this Confirmation and the Exhibit hereto.
- C. With respect to any notice delivered to it by Buyer, Seller shall deliver or arrange for the delivery of a copy thereof to any holder of the Notes, provided the delivery of or failure to deliver such copies to any such holder by or on behalf of Seller will not affect the effectiveness of such notices delivered by Buyer to Seller.

- D. The Calculation Agent shall notify Seller in writing, as soon as reasonably practicable, of any calculations and/or determinations made pursuant to this Confirmation, provided the delivery of or failure to deliver such notices will not affect the effectiveness of any calculations or determinations made pursuant to this Confirmation. Calculations or determinations required to be made by the Calculation Agent, in lieu of the second sentence of Section 1.5 of the Credit Derivatives Definitions, shall be calculated or determined by the Calculation Agent in good faith and in a commercially reasonable manner in its sole and absolute discretion, effective as of such determination, and shall be conclusive absent manifest error.
- E. Bond Event Notices, Credit Event Notices, Notices of Publicly Available Information and Extension Notices are subject to the requirements regarding notices set forth in Section 1.38 unless otherwise specifically provided herein and shall, in each case, be copied by Buyer to the Principal Paying Agent and the Trustee, provided that the delivery of or failure to deliver any such copy to the Principal Paying Agent or the Trustee will not affect the effectiveness of such notice.
- F. Seller agrees that Buyer may provide the details of any Transaction entered into pursuant to the Agreement (including any modification thereto or details of any termination of a Transaction whether in whole or in part) to a trade repository which collects and maintains the records of derivatives.

9. **Specific Amendments to Credit Derivatives Definitions:**

- A. The Credit Derivatives Definitions are amended as follows:
  - (a) The phrases “in consultation with the parties” and “after consultation with the parties” shall be deleted in wherever they appear in the Credit Derivatives Definitions.
  - (b) Section 1.36 is amended by inserting at the end thereof the following:
 

“and such other published or electronically displayed news or information sources as are referred in any Notice of Publicly Available Information”.
  - (c) Section 2.2(n) is amended:
    - (i) by deleting Section 2.2(n)(ii) and replacing it by “in respect of each New Credit Derivative Transaction, the Buyer Calculation Amount A and the Fixed Rate Calculation Amount, if any, and the Cash Settlement Amount will be the Buyer Calculation Amount A and the Fixed Rate Calculation Amount and the Cash Settlement Amount, as applicable, of the original Credit Derivative Transaction divided by the number of Successors; and”.
    - (ii) by adding a new Section 2.2(n)(iv) as follows:
 

“(iv) the Calculation Agent shall make such other conforming and consequential changes to the Notes as it shall deem appropriate, in its sole and absolute discretion, to preserve the economic effects of the original Credit Derivative Transaction

in the New Credit Derivative Transactions including, without limitation, the amendment of Condition 7 of the Notes to allow, inter alia, for redemption of a Principal Amount of the Notes equal to the Buyer Calculation Amount A and the Fixed Rate Calculation Amount of the New Credit Derivative Transaction in respect of which an Event Determination Date has occurred, with the remainder of the Principal Amount of the Notes remaining outstanding and accruing interest on such reduced Principal Amount (until such time as a further Event Determination Date in respect of a New Credit Derivative Transaction may occur or a redemption of the remaining Principal Amount of the Notes may otherwise occur pursuant to the terms hereof).”.

(iii) by adding a new Section 2.2(n)(v) as follows:

“(v) the Calculation Agent shall provide copies of an amended Charged Agreement detailing each Reference Entity and the portion of the Principal Amount of the Notes allocated to each such Reference Entity to Seller and Buyer and Seller shall provide notice thereof (including copies of the amended Charged Agreement) to the Noteholders (provided that the failure of Seller to deliver any such notice shall not affect the effectiveness of any such notice delivered by the Calculation Agent).”.

(d) Section 3.13(b)(i)(A) shall be amended by the insertion of the words “of the relevant Reference Entity” immediately after the words “Reference Obligation” in the second line thereof.

(e) Section 3.32(a) is amended as follows:

(1) any reference to “Physical Settlement” shall be deemed to be a reference to “Cash Settlement”;

(2) the words “a Deliverable Obligation may be specified (or deemed specified pursuant to Section 9.8(i) (*Alternative Procedures Relating to Loans Not Delivered*)) in the Notice of Physical Settlement or specified in any NOPS Amendment Notice, as applicable,” appearing in the sixth, seventh and eighth lines thereof shall be deleted and replaced with the words “an obligation may be specified as a Reference Obligation”; and

(3) the words “in each case, as both the NOPS Effective Date and the Delivery Date” appearing in the tenth and eleventh line thereof shall be deleted and replaced with “as of the date on which the

Reference Obligation is selected by the Swap Counterparty”.

- (f) Section 3.32(b) is amended by deleting the words, “in each case, as of both the NOPS Effective Date and the Delivery Date” appearing in the fourth line thereof and replacing them with, “as of the date on which the Reference Obligation is selected by the Swap Counterparty”.
- (g) Section 11.4 is deleted.
- (h) Article VIII is deleted, save to the extent that definitions and other terms defined therein are applicable for the purposes of other sections of the Credit Derivatives Definitions and in particular save for Section 8.12.
- (i) References to Deliverable Obligation in the definition of Reference Obligation are for convenience only and are not intended to amend the Settlement Method.

10. **Notice and Account Details:** See Notice and Account Details in Exhibit I.

Please confirm your agreement to be bound by the terms of the foregoing by executing a copy of this Confirmation and returning it to us.

Yours sincerely,

**BARCLAYS BANK PLC**

By: .....  
Name:  
Title:

Confirmed on the date  
first above written:

**ARLO II LIMITED**

By: .....

**EXHIBIT I**  
**Notice and Account Details**

**Notices to Buyer:**

Barclays Bank PLC  
Level 25  
Tower 2, Marina Bay Financial Centre  
Singapore 018983

Tel: +65 6308 3000  
Attention: Head of Legal Asia Pacific

With a copy to:

Barclays Bank PLC  
5 The North Colonnade  
Canary Wharf  
London E14 4BB

Tel: +44 (0) 20-7116 1000  
Attention: Head of SPV – Investment Bank Middle Office

**Account Details of Buyer:**

**EUR**

Bank: Barclays Bk Plc, London  
Swift: BARCGB22  
A/C: Barclays Head Office Swaps  
A/C No: 78659111

**GBP**

Bank: Barclays Bk Plc, 54 Lombard Street, London  
S/C: 20-00-00  
Swift: BARCGB22  
A/C: Barclays Swaps  
A/C No: 00152021

**USD**

Bank: Barclays Bank Plc, New York  
ABA No: 026-0025-74  
Swift: BARCUS33  
A/C: Barclays Bank Plc, London  
A/C No: 050-01922-8

**JPY**

Bank: Sumitomo Mitsui Banking Corporation, Tokyo  
Swift: SMBCJPJT  
A/C: Barclays Bank PLC, Wholesale London  
Swift: BARCGB5G  
A/C No: 4835

**Notices to Seller:**

ARLO II Limited  
PO Box 1093, Boundary Hall,  
Cricket Square  
Grand Cayman  
KY1-1102  
Cayman Islands  
Tel: (345) 945 7099  
Fax: (345) 945 7100

**Account Details of Seller:**

Correspondent Bank: The Bank of New York Mellon, New York  
ABA: 021 000 018  
Correspondent BIC: IRVTUS3N  
Beneficiary Bank: The Bank of New York Mellon, Brussels (IRVTBEBB)  
Account Number: 8900285451  
For Further Account: ARLO II  
Account Name: ARLO II Series CLN-28  
Account Number: 226538-8400  
Ref: ARLO II Series CLN-28



## ANNEX 2: FORM OF PARAGRAPH 11 OF THE CREDIT SUPPORT ANNEX

### PARAGRAPH 11 OF THE CREDIT SUPPORT ANNEX

References herein to “Party A” are to Barclays Bank PLC and to “Party B” are to ARLO II Limited but only in respect of its Series CLN-28 USD 12,000,000 Secured Limited Recourse Credit Linked Notes due 24 July 2024 (the “Notes”).

#### Paragraph 11. Elections and Variables

(a) **Base Currency and Eligible Currency**

- (i) “**Base Currency**” means USD (and any successor currency).
- (ii) “**Eligible Currency**” means the Base Currency, JPY, Euro and the lawful currency of the United Kingdom (and any successor currency to any such currencies).

(b) **Credit Support Obligations**

- (i) Delivery Amount, Return Amount and Credit Support Amount
  - (A) “**Delivery Amount**” has the meaning specified in Paragraph 2(a) provided that (a) any Delivery Amount to be transferred by Party B shall be transferred only to the extent that such Delivery Amount does not exceed the Value of the Charged Assets held by Party B on the relevant Valuation Date (as determined by the Valuation Agent), and (b) any Delivery Amount to be transferred by Party A shall be transferred only to the extent that such Delivery Amount does not exceed an amount equal to the outstanding Principal Amount of the Notes plus accrued but unpaid interest.
  - (B) “**Return Amount**” has the meaning specified in Paragraph 2(b).
  - (C) “**Credit Support Amount**” has the meaning specified in Paragraph 10.
- (ii) **Eligible Credit Support**
  - (A) In respect of Party A and Party B, each of the items described below must qualify as Eligible Credit Support on each Valuation Date.

	<i>Valuation Percentage</i>
(a) cash in an Eligible Currency	100%
(b) Debt Obligations issued by Cooperatieve Rabobank U.A.	100%
(c) Negotiable Debt Obligations issued by the Government of:-	
Austria	100%
Belgium	100%
Canada	100%
Denmark	100%
Finland	100%
France	100%
Germany	100%

Japan	100%
Netherlands	100%
Spain	100%
Sweden	100%
Switzerland	100%
United States	100%

For the purpose of this provision, Negotiable Debt Obligations must be rated by Moody's Investors Service, Inc. or its successor thereto ("**Moody's**"), and/or Standard & Poor's, a Division of The McGraw-Hill Companies, Inc., or any successor thereto ("**S&P**"), "A3" and "A-" respectively, or higher.

- (B) Notwithstanding sub-paragraph (A) above, the following securities shall qualify as Eligible Credit Support on each Valuation Date:

The obligations of Party B under this Annex to transfer Eligible Credit Support shall be limited to the Charged Assets held by Party B from time to time, so that if the principal amount of Charged Assets held by Party B is zero at the relevant time then no obligation to transfer shall arise under the terms of this Annex at such time. For the avoidance of doubt, this limitation is without prejudice to, and does not amend or alter, the calculation of Exposure, Delivery Amount or Return Amount, or any obligation of Party B under any other provisions of this Annex.

(iii) **Thresholds**

- (A) "**Independent Amount**" means with respect to Party A and Party B, zero.
- (B) "**Threshold**" means with respect to Party A and Party B, zero.
- (C) "**Minimum Transfer Amount**" means with respect to Party A and Party B, 10,000,000 units of the Base Currency (where the Base Currency is JPY) or 100,000 units of the Base Currency (where the Base Currency is a currency other than JPY) provided that (i) if an Event of Default or a Potential Event of Default has occurred and is continuing with respect to a party, the Minimum Transfer Amount for that party shall be zero; or, (ii) where the Credit Support Amount with respect to a party on a Valuation Date is zero, for the purposes of calculating any Return Amount, the Minimum Transfer Amount, shall be zero and Rounding shall not apply.
- (D) **Rounding.** The Delivery Amount and the Return Amount will be rounded up and down, in each case, to the nearest integral multiple of 100,000 units of the Base Currency respectively.

(c) **Valuation and Timing**

- (i) "**Valuation Agent**" means Party A in all instances.
- (ii) "**Valuation Date**" means every Monday, provided if such Monday is not a London Business Day; the Valuation Date shall be the following London Business Day.
- (iii) "**Valuation Time**" means the close of business in the relevant market, as determined by the Valuation Agent, on the Local Business Day immediately preceding the Valuation Date or date of calculation, as applicable, provided that

the calculations of Value and Exposure will, as far as practicable, be made as of approximately the same time on the same date.

- (iv) **“Notification Time”** means 10.00 a.m., London time, on the applicable Valuation Date or date of calculation as applicable.

(d) **Exchange Date**

**“Exchange Date”** has the meaning specified in Paragraph 3(c)(ii).

(e) **Dispute Resolution**

- (i) **“Resolution Time”** means 10.00 a.m., London time, on the first Local Business Day following the date on which the notice is given that gives rise to a dispute under Paragraph 4.

- (ii) **Value.** For the purposes of Paragraphs 4(a)(4)(i)(C) and 4(a)(4)(ii), the Value of the Credit Support Balance or of any transfer of Eligible Credit Support or Equivalent Credit Support, as the case may be, will be calculated as follows:

- (A) with respect to any Eligible Credit Support or Equivalent Credit Support comprising the securities or any other Negotiable Debt Obligations, by the Valuation Agent seeking bid prices as of the relevant Valuation Date (or date of transfer) from three principal market makers in the securities in question. The Value will be the sum of (I) the arithmetic mean of the bid prices received by the Valuation Agent, plus (II) accrued interest, multiplied by the Valuation Percentage, if any; and

- (B) with respect to any cash, the Base Currency Equivalent of the amount thereof.

- (iii) **Alternative.** The provisions of Paragraph 4 will apply, unless an alternative dispute resolution procedure is specified here: none.

(f) **Distributions and Interest Amount**

For the purposes of Paragraph 5(c), neither Party A nor Party B shall be required to transfer Equivalent Distributions or Interest Amounts, save in relation to any AV Negative Interest Amount in respect of the Extension Calculation Period.

(g) **Addresses for Transfers**

Party A: To be advised by Party A.

Party B: To be advised by Party B’s custodian.

(h) **Other provisions:**

- (i) **Transfer Timing.**

- (A) The final paragraph of Paragraph 3(a) shall be deleted and replaced with the following:

“Subject to Paragraph 4, and unless otherwise specified, any transfer of Eligible Credit Support or Equivalent Credit Support (whether by the Transferor pursuant to Paragraph 2(a) or by the Transferee pursuant to

Paragraph 2(b)) shall be made not later than the close of business on the Settlement Day.”.

- (B) The definition of “Settlement Day” shall be deleted and replaced with the following:

“**Settlement Day**” means the next Local Business Day after the Demand Date.

- (C) For the purposes of this Paragraph 11(h)(i):

“**Demand Date**” means, with respect to a transfer by a party:

- (A) in the case of a transfer pursuant to Paragraph 2, Paragraph 3 or Paragraph 4(a)(2), the relevant Valuation Date. For the avoidance of doubt, for the purposes of Paragraph 2 and Paragraph 4(a)(2), the Transferor will be deemed to receive notice of the demand by the Transferee to make a transfer of Eligible Credit Support; and
- (B) in the case of a transfer pursuant to Paragraph 3(c)(ii)(A), the date on which the Transferee has given its consent to the proposed exchange.

(ii) **Early Termination.**

The heading for Paragraph 6 shall be deleted and replaced with “Early Termination” and the following shall be added after the word “Default” in the first line of Paragraph 6: “or a Termination Event in relation to all (but not less than all) Transactions.”.

(iii) **Cost of Transfer or Exchange.**

Notwithstanding Paragraph 8, Party A will be responsible for, and will reimburse Party B for, all transfer and other taxes and other costs involved in the transfer of Eligible Credit Support either from the Transferor to the Transferee or from the Transferee to the Transferor.

(iv) **Calculations.**

Paragraph 3(b) of this Annex shall be amended by inserting the words “and shall provide each party (or the other party, if the Valuation Agent is a party) with a description in reasonable detail of how such calculations were made, upon request” after the word “calculations” in the third line thereof.

(v) **Paragraph 6.**

For the purposes of Paragraph 6, Value shall have the meaning set out in Paragraph 10 of the Annex save that any reference to “...multiplied by the applicable Valuation Percentage, if any ...” shall be deleted from the definition.

(vi) **Substitution of Eligible Credit Support in the event that the issuer of the Negotiable Debt Obligations is downgraded.**

If the rating assigned by Moody’s or S&P to the Negotiable Debt Obligations held as Eligible Credit Support falls below the minimum rating requirements imposed under the definition of “Eligible Credit Support” in Paragraph 11(b)(ii) (the “**Affected Credit Support**”), then the party that holds the Affected Credit Support

shall be entitled to demand (by telephonic notice, facsimile transmission, in writing or by electronic messaging system or email) the further transfer to it of substitute Eligible Credit Support in exchange for the Affected Credit Support (such substitute Eligible Credit Support to be of equal value to the Affected Credit Support, in the determination of the Valuation Agent).

The party obligated to provide substitute Eligible Credit Support shall make such transfer on the first Local Business Day following the date on which it receives such notice. The party demanding such transfer will only be obligated to return the Affected Credit Support after receiving the substitute Eligible Credit Support.

(vii) **Taxes.**

The Transferee shall have the right to (i) refuse to accept a transfer of any cash or securities by the Transferor and / or to (ii) insist on the immediate substitution of any cash or securities already held by the Transferee as Eligible Credit Support, if at any time there occurs a change in taxation in relation to such cash or securities which has a negative impact on the Transferor or Transferee (as determined by the Valuation Agent).

(viii) **Amendment to the Valuation Percentages applicable to Negotiable Debt Obligations held as Eligible Credit Support.**

On any Valuation Date, Party A may increase or decrease the Valuation Percentages applicable to the Negotiable Debt Obligations. Party A must provide Party B with written notice stating that the Valuation Percentages will be amended 5 (five) Local Business Days prior to the relevant Valuation Date (the “**VP Effective Date**”). For the avoidance of doubt, written notice will be delivered in accordance with Section 12 of the ISDA Master Agreement. Any such increase or decrease in the Valuation Percentages applicable to the Negotiable Debt Obligations will be deemed to be incorporated into this Annex on the VP Effective Date.

(ix) **Amendments to Paragraph 10 (*Definitions*).**

(A) Capitalised words and expressions defined in the Confirmation shall, except so far as the context otherwise requires, have the same meaning in this Annex. In the event of any inconsistency between the definitions in the Confirmation and this Annex, this Annex shall prevail.

(B) The definition of “**Resolution Time**” in Paragraph 10 of this Annex shall be deleted in its entirety and replaced with the following:-

“**Resolution Time**” has the meaning specified in Paragraph 11(e)(i).

(C) The following additional definitions shall be added to Paragraph 10 of this Annex:

“**Confirmation**” means the confirmation between Barclays Bank PLC and ARLO II Limited dated on or about the date of the ISDA Master Agreement of which this Credit Support Annex forms a part, including the Annexes and Exhibit thereto, the purpose of which is to confirm the terms and conditions of the Transaction entered into between Party A and Party B.

“**Debt Obligations**” means any debt obligations issued or guaranteed by Cooperatieve Rabobank U.A..

“**Government**” 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) with respect to a country.

“**Negotiable Debt Obligations**” means any negotiable debt obligations issued or guaranteed by the Government of the relevant country listed in the table in item (c) of Paragraph 11(b)(ii)(A) of this Annex.

(D) The definition of “Exposure” in Paragraph 10 of this Annex shall be amended by:

(i) inserting the following immediately after the words “(i) that party is not the Affected Party”:

“, (ii) (A) Initial Exchange, Final Exchange and Interim Exchange shall be disregarded, (B) the Variable Amount payable by Seller to Buyer on each Variable Amount Payment Date shall be deemed to be the amount of stated coupon payable in respect of the Bond Charged Assets with a principal amount equal to the principal amount outstanding of the Notes, and (C) each Variable Amount Payment Date shall be deemed to be the Business Day following the stated coupon payment date of the Bond Charged Assets;”;  
and

(ii) the reference to “(ii)” in the sixth line thereof shall be amended to “(iii)”,

provided that, for the purposes of determining “Exposure”, notwithstanding paragraph 6.2 (*Negative Interest Rates*) of the Charged Agreement, if, but for this proviso, the Buyer Payment Amount would be negative, the Buyer Payment Amount shall be deemed to be zero.

(x) **Demands and Notices.**

All demands, specifications and notices under this Annex will be made pursuant to Section 12 of the ISDA Master Agreement.

(xi) **Protocol Covered Collateral Agreement.**

This Annex shall be deemed to be a “Protocol Covered Collateral Agreement” for the purposes of the ISDA 2014 Collateral Agreement Negative Interest Protocol published on 12 May 2014 by ISDA (the “**Negative Interest Protocol**”), solely in respect of the Extension Calculation Period, if any.

IN WITNESS whereof, the parties hereby enter into this Annex by their duly authorised officers as of the date written above

**BARCLAYS BANK PLC**

**ARLO II LIMITED**

By:  
Name:  
Title:  
  
Date:

By:  
Name:  
Title:  
  
Date:

## **ANNEX 3: FORM OF MASTER CHARGED AGREEMENT TERMS**

*The text below sets out the master charged agreement terms in relation to the credit swap transaction entered into between the Swap Counterparty and the Issuer, with an effective date of 12 September 2019, save for footnote 2, which has been included in this Prospectus for the purposes of disclosure.*

### **Structured Investment Terms Master Charged Agreement Terms**

**May 2016 Edition – Version 1**

### **FORM OF CHARGED AGREEMENT**

#### **1. Background**

- 1.1 These Master Charged Agreement Terms (May 2016 Edition – Version 1) contain provisions which may be used with respect to any Notes issued by the Issuer, the issue of which is arranged by Barclays Bank PLC or any of its subsidiaries or associated companies.
- 1.2 Notes may be constituted and/or secured by entry into by the Trustee, the Issuer, the Swap Counterparty and any others that may be parties thereto of a Constituting Instrument, each such Constituting Instrument comprising a separate instrument which may incorporate by reference, as amended and/or supplemented as provided therein, the provisions of these Master Charged Agreement Terms (May 2016 Edition – Version 1).
- 1.3 These Master Charged Agreement Terms (May 2016 Edition – Version 1) set out the terms and conditions pursuant to which the Swap Counterparty may, at its discretion, enter into a Charged Agreement with the Issuer of a Series of Notes issued by the Issuer under the Programme and comprise a Schedule (the “**Schedule**”) to the International Swaps and Derivatives Association Inc. 2002 Form of Master Agreement.
- 1.4 Upon the execution of the Constituting Instrument relating to the Notes of a particular Series by or on behalf of the persons party thereto in the capacities of Issuer and Swap Counterparty, such persons shall be deemed to have entered into an agreement in respect of the Notes constituted and/or secured by such Constituting Instrument on the terms of these Master Charged Agreement Terms (May 2016 Edition – Version 1) (as the same may be modified or supplemented by the provisions of such Constituting Instrument).

#### **2. Definitions**

Unless otherwise defined herein or the context otherwise requires, the Master Definitions as specified in and amended by the Constituting Instrument relating to the Notes of the relevant Series shall apply to these Master Charged Agreement Terms (May 2016 Edition – Version 1) and any deed or document incorporating them.



**SCHEDULE**

**to the 2002 Master Agreement  
published by the  
International Swaps and Derivatives Association, Inc. (“ISDA”)**

Dated: the date specified in the  
Constituting Instrument  
relating to the Notes referred to  
in such Constituting Instrument

between

the Swap Counterparty

(“**Party A**”)

and

the Issuer

(“**Party B**”)

In respect of each Constituting Instrument entered into by the parties thereto (the “**Constituting Instrument**”) and the Series of Notes constituted thereby (the “**Notes**”), Party A and Party B are deemed to have entered into an agreement (the “**Agreement**”) in the form of the 2002 ISDA Master Agreement relating to the Charged Agreement entered into by Party A and Party B in respect of such Series of Notes, and such Agreement is deemed to be incorporated into this Agreement *in extenso* as amended by the following schedule which shall take effect as if it was the Schedule to such Agreement.

**SCHEDULE TO THE AGREEMENT  
IN RESPECT OF THE SERIES OF NOTES  
CONSTITUTED BY THE CONSTITUTING INSTRUMENT**

This Schedule is the Schedule to the Agreement referenced on the preceding page. For the avoidance of doubt, the Agreement and this Schedule relate solely to the Charged Agreement entered into between Party A and Party B in respect the Notes constituted by the Constituting Instrument referenced on the preceding page.

In this Schedule “**Notes**” means the Notes of the relevant Series constituted by the relevant Constituting Instrument and “**Charged Assets**” and “**Noteholders**” bear the meaning ascribed thereto in the Conditions of the Notes of the relevant Series.

This Agreement shall not be construed in any circumstances to form a single agreement with two or more Confirmations together unless specific provision to that effect is made in the relevant Confirmation(s) and/or Constituting Instrument. It is understood that the parties would not otherwise enter into any Transaction or Transactions. References to this “**Agreement**” in respect of a Transaction or Transactions mean this document together with the Confirmation(s) relating to that Transaction or Transactions. The terms and provisions of the Agreement in all instances shall be read and construed so as to give effect to the foregoing.

Each Charged Agreement shall be constituted by the Agreement and a Confirmation or Confirmations evidencing the Transaction or Transactions to be outstanding thereunder (the “**Transaction**” or “**Transactions**”), each such Confirmation constituting a Confirmation for the purposes of the relevant Agreement.

Notwithstanding anything to the contrary in this Agreement, in respect of a Series of Notes, each Agreement, each relevant Confirmation and each Transaction shall form a single agreement with respect to that Series of Notes. “**Transaction**”, “**Transactions**” and “**Agreement**” shall be interpreted accordingly and no other Agreements and no other Confirmations and Transactions in respect of any other Series of Notes shall be subject to, governed by or made part of such Agreement.

If, in respect of a Series of Notes, the Constituting Instrument therefor provides that Party A and Party B are parties to a Credit Support Annex (Bilateral Form – Transfer) governed by English law (“**Credit Support Annex**”) in respect of such Series of Notes, then the Transaction evidenced by such Credit Support Annex shall be a Transaction subject to, governed by and made part of the Agreement in respect of such Series of Notes.

## 1. **Termination Provisions**

In this Agreement:

1.1 **"Specified Entity"**: means in relation to Party A for the purpose of:

Section 5(a)(v), Not Applicable  
Section 5(a)(vi), Not Applicable  
Section 5(a)(vii), Not Applicable  
Section 5(b)(v), Not Applicable

in relation to Party B for the purpose of:

Section 5(a)(v), Not Applicable  
Section 5(a)(vi), Not Applicable  
Section 5(a)(vii), Not Applicable  
Section 5(b)(v), Not Applicable

1.2 **"Specified Transaction"**: will have the meaning specified in Section 14.

1.3 **"Cross Default"**: the provisions of Section 5(a)(vi) will not apply to either Party A or Party B.

1.4 **"Credit Event Upon Merger"**: the provisions of Section 5(b)(v) will not apply to either Party A or Party B.

1.5 **"Automatic Early Termination"**: will not apply to either Party A or Party B.

1.6 **Payments on Early Termination**. Section 6(e) of this Agreement will apply.

1.7 **"Termination Currency"**: means the currency in which the Notes are denominated.

1.8 **"Affected Transactions"**: If there is more than one Transaction outstanding under the Agreement in relation to a Series of Notes and an Early Termination Date is designated or deemed to occur in respect of any one Transaction under the Agreement in relation to a Series of Notes, all Transactions shall be Affected Transactions in respect of such Agreement and Series of Notes.

1.9 **"Additional Termination Event"** will apply as follows:

- (1) If at any time the Notes become repayable in full prior to the maturity date thereof in accordance with the Conditions thereof an Additional Termination Event will be deemed to have occurred; or
- (2) If at any time the Transaction is required to be terminated in part pursuant to any of Paragraphs 1.10 or 1.11 below, an Additional Termination Event will be deemed to have occurred, but only with respect to that part of the Transaction which terminates pursuant to such paragraph; or
- (3) If the event specified in Paragraph 1.12 occurs in relation to the Notes an Additional Termination Event will be deemed to have occurred.

For the purposes of the foregoing Additional Termination Events the Affected Party shall be Party B.

1.10 If some (but not all) of the Notes are to be redeemed by Party B pursuant to Condition 7(g) (*Redemption at the option of the Noteholders or the Issuer*) of the Notes (and subject,

where applicable, to the prior payment in respect of and/or delivery of such relevant proportion of the Charged Assets to the Swap Counterparty as is required to fund the Issuer Optional Redemption Amount) then:

- (A) the obligations of Party B to make payment or delivery to Party A in respect of each Transaction outstanding under the Agreement after the date of such redemption shall be terminated:
  - (1) in the event that there are Charged Assets in relation to the Series of Notes, to the extent and in the amounts that are equivalent to the amounts which would have been received by Party B on the Charged Assets to be released from the security granted in favour of the Trustee by or pursuant to the Constituting Instrument and, if applicable, any Additional Charging Instrument consequent upon such redemption; or
  - (2) in the event that there are no Charged Assets in relation to the Series of Notes, to the extent and in the amounts that are equivalent to the amounts which would have been payable on the Notes so redeemed; and
- (B) Party A's obligations to make payment or delivery to Party B in respect of each Transaction outstanding under the Agreement after such date shall be terminated to the extent and in the amounts that are equivalent to the amounts which would have been payable on the Notes so redeemed.

1.11 If Party A receives a notice that some or all of the Notes are to be purchased by Party B pursuant to Condition 7(h) (*Purchase*) of the Notes having given its consent to such purchase in accordance with such Condition (and subject, where applicable, to the prior payment in respect of and/or delivery of such relevant proportion of the Charged Assets to the Swap Counterparty as is required to fund the relevant early Redemption Amount or Issuer Optional Redemption Amount, as the case may be) then:

- (A) the obligations of Party B to make payment or delivery to Party A in respect of each Transaction outstanding under the Agreement after the date of such purchase shall be terminated:
  - (1) in the event that there are Charged Assets in relation to the Series of Notes, to the extent and in the amounts that are equivalent to the amounts which would have been received by Party B on the Charged Assets to be released from the security granted in favour of the Trustee by or pursuant to the Constituting Instrument and, if applicable, any Additional Charging Instrument consequent upon such purchase; or
  - (2) in the event that there are no Charged Assets in relation to the Series of Notes, to the extent and in the amounts that are equivalent to the amounts which would have been payable on the Notes so purchased; and
- (B) Party A's obligations to make payment or delivery to Party B in respect of each Transaction outstanding under the Agreement after such date shall be terminated to the extent and in the amounts that are equivalent to the amounts which would have been payable on the Notes so purchased.

1.12 If Party A receives a notice that the Notes are to be exchanged for Notes of a New Series pursuant to Condition 7(i) (*Exchange of Series*) of the Notes having given its consent to such purchase in accordance with such Condition, then the obligation of each of Party A and Party B to make payment or delivery to the other party in respect of each Transaction outstanding under the Agreement after the date of such exchange shall be terminated in full.

- 1.13 (A) If either party notifies the other that a party will, or there is a substantial likelihood that it will, in respect of any payment due from it to the other party under this Agreement, be required to make a deduction or withholding on account of FATCA (as defined in Part 2), an Additional Termination Event will be deemed to have occurred.
- (B) Without prejudice to the generality of the foregoing, for the purposes of this Additional Termination Event, if on the date falling 60 days prior to the earliest date on which withholding on account of FATCA could (in Party A's determination) apply to payments due from Party A to Party B under this Agreement (other than interest under Section 9(h) of this Agreement) (such 60<sup>th</sup> day prior being the "**FATCA Test Date**") Party B is a "nonparticipating foreign financial institution" (as such term is used under section 1471 of the U.S. Internal Revenue Code or in any regulations or guidance thereunder), there will on the FATCA Test Date be deemed to be a substantial likelihood that Party A will be required to make a deduction or withholding on account of FATCA and therefore, this Additional Termination Event will have occurred on the FATCA Test Date.

1.14 On receiving a notice referred to in Paragraph 1.10, 1.11, 1.12 or 1.13 above Party A will calculate the amount owing hereunder to it as a result of such termination or by it as a result of such termination, unless the Confirmation in relation to any Transaction so terminated in whole or in part expressly provides otherwise. Amounts due from Party A to Party B or from Party B to Party A, as the case may be, will be made to the account of the relevant party specified in the Confirmation. All such payments will be made on the date specified in such notice or, in the case of Paragraph 1.10 above, on the due date of redemption of the Notes in question or, in the case of Paragraph 1.12 above, on the date of cancellation of the Notes and issue of the Notes of the New Series.

1.15 Separate Agreements: Section 1(c) shall be deleted and replaced with the following:

"Notwithstanding anything to the contrary in this Agreement, in respect of a Series of Notes, each Agreement, each relevant Confirmation and each Transaction shall form a single agreement with respect to that Series of Notes. "**Transaction**", "**Transactions**" and "**Agreement**" shall be interpreted accordingly and no other Agreements and no other Confirmations and Transactions in respect of any other Series of Notes shall be subject to, governed by or made part of such Agreement.

This Agreement shall not be construed in any circumstances to form a single agreement with two or more Confirmations together unless specific provision to that effect is made in the relevant Confirmation and/or Constituting Instrument. It is understood that the parties would not otherwise enter into any Transaction or Transactions. References to this "**Agreement**" in respect of a Transaction or Transactions mean this document together with the Confirmation relating to that Transaction or Transactions. The terms and provisions of the Agreement in all instances shall be read and construed so as to give effect to the foregoing."

## 2. Tax Representations

2.1 Payer Representation: For the purpose of Section 3(e) of this Agreement, each of Party A and Party B will make the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the United States Internal Revenue Code of 1986 or otherwise imposed pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, any current or future

regulations or agreements thereunder, or any current or future official interpretations thereof, or any current or future laws, regulations, guidance or practices adopted pursuant to, or for the purposes of implementing, or pursuant to any agreement entered into pursuant to, or in connection with, any intergovernmental approach thereto or any intergovernmental agreement entered into in connection with the implementation of such Sections, in each case as the same may be amended from time to time (“**FATCA**”), from any payment (other than interest under Section 9(h) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on (i) the accuracy of any representation made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction of the agreement of the other party contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, provided that it shall not be in a breach of this representation where reliance is placed on item (ii) above and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

2.2 **Payee Representations:** For the purposes of Section 3(f):

(A) Party B makes the following representation:

“It is a non-US branch of a foreign person for U.S. federal income tax purposes.”.

(B) Party A makes the following representation:

“It is a non-US branch of a foreign person as those terms are used in Section 1.1441-4(a)(3)(ii) of the United States Treasury Regulations (as in effect from January 2011).”.

3. **Agreement to Deliver Documents**

For the purpose of Sections 3(d) and 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents, as applicable:

(A) Tax forms, documents or certificates to be delivered are:

<b><u>Party required to deliver document</u></b>	<b><u>Form/Document/Certificate</u></b>	<b><u>Date by which to be delivered</u></b>
Not applicable	Not applicable	Not applicable

(B) Other documents to be delivered are:

<b><u>Party Required to deliver document</u></b>	<b><u>Form/Document/Certificate</u></b>	<b><u>Date by which to be delivered</u></b>	<b><u>Covered by Section 3(d) Representation</u></b>
Party B	Legal opinion of counsel in the jurisdiction of incorporation of Party B	At signing of the Constituting Instrument relating to the Notes	No
	Letter from agent for service of process confirming acceptance of appointment	At signing of the Constituting Instrument relating to the Notes	No

Copy of resolution of board of directors authorising execution of the Charged Agreement constituted by the Constituting Instrument relating to the Notes of the relevant Series and the Confirmation thereunder	At signing of the Constituting Instrument relating to the Notes	Yes
A duly authorised and executed Power of Attorney appointing persons to execute, <i>inter alia</i> , the Charged Agreement constituted by the Constituting Instrument relating to the Notes of the relevant Series and the Confirmation thereunder, or other evidence of due authorisation of a signatory hereto	At signing of the Constituting Instrument relating to the Notes	Yes

4. **Miscellaneous**

4.1 **Addresses for Notices:** For the purpose of Section 12(a):

- (A) Address for notices of communications to Party A: As specified in the Constituting Instrument relating to the Notes of the relevant Series.
- (B) Address for notices or communications to Party B: As specified in the Constituting Instrument relating to the Notes of the relevant Series.

4.2 **Process Agent:** For the purpose of Section 13(c):

Party A appoints as its Process Agent: Not applicable.

Party B appoints as its Process Agent the person specified as agent for service of process in the Constituting Instrument relating to the Notes of the relevant Series.

4.3 **Offices:** The provisions of Section 10(a) will apply to this Agreement.

4.4 **Multibranch Party:** For the purpose of Section 10(b):

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

4.5 **Calculation Agent:** The Calculation Agent is Party A unless another entity is specified as Calculation Agent in respect of a Transaction in the Confirmation therefor. Party A (in its own capacity and as Calculation Agent or otherwise) is not acting as a fiduciary for or as an advisor to any person or entity in respect of its duties as Calculation Agent or otherwise in connection with this Agreement or any Transaction hereunder and shall have no obligation to take any person or entity's (other than its own) interest or position into

consideration in making any calculation or taking or refraining from taking any action in connection herewith or therewith.

4.6 Credit Support Document: Details of any Credit Support Document:

Party A: None, unless in respect of a Series of Notes, the Constituting Instrument therefor specifies that Party A is required to deliver a Credit Support Annex in which event such Credit Support Annex shall constitute a Credit Support Document in respect of Party A and such Series of Notes.

Party B: None, unless in respect of a Series of Notes, the Constituting Instrument therefor specifies that Party B is required to deliver a Credit Support Annex in which event such Credit Support Annex shall constitute a Credit Support Document in respect of Party B and such Series of Notes.

4.7 Credit Support Provider: Credit Support Provider means in relation to Party A: Not applicable.

Credit Support Provider means in relation to Party B: Not applicable.

4.8 Governing Law: This Agreement and all non-contractual obligations and any other matters arising from it will be governed by and construed in accordance with English law.

4.9 "Affiliate": will have the meaning specified in Section 14 unless another meaning is specified here: No change from Section 14 except that with respect to Party B it shall mean any person or entity controlled, directly or indirectly, by Party B.

4.10 Absence of Litigation: For the purposes of Section 3(c):

**"Specified Entity"** means in relation to Party A and Party B: Not Applicable.

4.11 No Agency: The provisions of Section 3(g) will apply to this Agreement.

5. Other Provisions

5.1 No Set-off

(A) All payments under this Agreement shall be made without set-off or counterclaim.

(B) Section 6(e) shall be amended by the deletion of the following words "and will be subject to Section 6(f)" at the end of the first paragraph thereof and Section 6(f) shall be deleted in its entirety.

5.2 Security interest and transfer

Section 7 shall be replaced by the following:

"Except as otherwise contemplated by Clauses 9.2 and 16.2 of the Master Trust Terms incorporated into the Trust Deed by the Constituting Instrument relating to the Notes of the relevant Series (as defined in the Conditions of the Notes), neither this Agreement nor any interest or obligation in or under it may be transferred (whether by way of security or otherwise) by either party except in accordance with the following:



- (A) subject to the consent of the Trustee, a party may make such a transfer of all or part of its interest in any Early Termination Amount<sup>2</sup> payable to it by a Defaulting Party, together with any amounts payable on or with respect to that interest and any other rights associated with that interest pursuant to Sections 8, 9(h) and 11;
- (B) subject to the consent of the Trustee and provided that, if such transfer is proposed by Party A and the Notes are then rated at the request of the Issuer by a Rating Agency, such Rating Agency is notified of such substitution and confirms to the Trustee that its then current rating of such Notes by it will not be withdrawn or adversely affected by such transfer, a party may make such transfer of this Agreement to another entity as it shall deem appropriate, whether or not such transfer is pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all of its assets to, such other entity (but without prejudice to any other right or remedy under this Agreement); and
- (C) the Issuer may charge, assign or otherwise create security over its rights under this Agreement in favour of the Trustee pursuant to the Constituting Instrument.

Any purported transfer that is not in compliance with this Section will be void.”.

### 5.3 Disapplication of certain Events of Default

Sections 5(a)(ii) (Breach of Agreement; Repudiation of Agreement), 5(a)(iv) (Misrepresentation), 5(a)(v) (Default under Specified Transaction), 5(a)(vi) (Cross-Default), 5(a)(vii)(9) and 5(a)(viii) (Merger without Assumption) shall not apply in respect of either party.

### 5.4 Disapplication of certain Termination Events, and deferral of payments

Sections 5(b)(iii) (Tax Event), 5(b)(iv) (Tax Event Upon Merger) and 5(b)(v) (Credit Event Upon Merger) shall not apply in respect of either party.

Section 5(d) (Deferral of Payments and Deliveries During Waiting Period) shall be deleted in its entirety and, in Section 6(b)(iv)(2), the words “and any applicable Waiting Period has expired” shall be deleted at the end of the first paragraph thereof.

### 5.5 Transfer to avoid Termination Event

Sections 6(b)(ii) and 6(b)(iii) shall not apply.

### 5.6 Amendments

Section 9(b) is amended by the addition at the end thereof of the following additional sentences:

“Subject as provided below, if the Notes are rated, any such amendment, modification or waiver shall be subject to prior written notification to each Rating Agency and to confirmation from each Rating Agency as to there being no adverse change caused to the rating granted to the Notes by each Rating Agency that originally assigned a rating to such

---

<sup>2</sup> The “Early Termination Amount” is an amount determined in accordance with the terms of the Charged Agreement.

Notes at or about the time of issuance thereof. The immediately preceding sentence shall not apply to Party A and Party B entering into the Transactions under the Confirmation of even date herewith. This Section 9(b) shall not apply to any amendment, modification or waiver to the Confirmation dated of even date herewith pursuant to the terms of such Confirmation, which amendment, modification or waiver expressly does not require the consent of Party B or is permitted to be made by Party A pursuant to the terms of such Confirmation or which amendment, modification or waiver is deemed to occur pursuant to the terms of such Confirmation.”.

#### 5.7 Additional representation

Section 3 is amended by the addition at the end thereof of the following additional representation:

“(h) **Expertise.** It has sufficient knowledge and expertise to enter into the Transaction(s) and is relying on its own judgment and not on advice of the other Party.”.

#### 5.8 Recording of conversations

Each party to this Agreement acknowledges and agrees to the tape recording of conversations between the parties to this Agreement whether by one or other or both of the parties.

#### 5.9 Relationship between the parties

The Agreement is amended by the insertion after Section 14 of an additional Section 15, reading in its entirety as follows:

##### “15. **Relationship between the parties**

Each party will be deemed to represent to the other party on the date on which it enters into the Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for the Transaction):

##### (a) **Non Reliance**

It is acting for its own account and it is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into the Transaction; it being understood that information and explanations related to the terms and conditions of the Transaction shall not be considered investment advice or a recommendation to enter into the Transaction. It has not received from the other party any assurance or guarantee as to the expected results of the Transaction.

##### (b) **Assessment and Understanding**

It is capable of accepting the terms, conditions and risks of the Transaction. It is also capable of assuming, and assumes, the financial and other risks of the Transaction.

##### (c) **Status of Parties**

The other party is not acting as a fiduciary or an adviser for it in respect of the Transaction.

##### (d) **Transactions in the Collateral**

It understands that the other party and its Affiliates may engage in proprietary trading for its own account in the Collateral or similar instruments and that such trading may affect the value of the Collateral.”.

#### 5.10 Tax

Notwithstanding the definition of “Indemnifiable Tax” in Section 14 of this Agreement, in relation to payments by Party A, no Tax shall be an Indemnifiable Tax and, in relation to payments by Party B, no Tax shall be an Indemnifiable Tax and accordingly Section 2(d)(i)(4) and Section 2(d)(ii) of this Agreement shall not apply. Section 4(e) shall not apply to Party B.

#### 5.11 Non-petition/limited recourse

Notwithstanding any other provision hereof, of any Charged Agreement or of the Confirmation relating thereto or otherwise, Party A hereby acknowledges that it shall have recourse in respect of any claim (including without limitation after as well as before any court judgment or arbitral award) under or in respect of the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or under the Confirmation relating thereto and forming part thereof or otherwise against Party B (whether arising under such Charged Agreement, such Confirmation, the general law, or otherwise) only to the Collateral (or part thereof if so provided in the Constituting Instrument relating to the Notes) relating to the Notes of the relevant Series and that, the security constituted in its favour by or pursuant to the Constituting Instrument relating to the Notes of the relevant Series and/or, if applicable, any Additional Charging Instrument having been enforced, any claim under or in respect of the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or the Confirmation relating thereto and forming part thereof or otherwise which it has against Party B and which is not met out of the proceeds of enforcement of such security (as applied in accordance with the provisions of the relevant Constituting Instrument) shall be extinguished and (save for lodging a claim in the liquidation of Party B initiated by another person or taking proceedings to obtain a declaration or judgment as to the obligations of Party B) Party A will not take any further action against Party B in respect thereof and will not have any claim (including without limitation after as well as before any court judgment or arbitral award) under or in respect of the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or the Confirmation relating thereto and forming part thereof or otherwise against the Collateral or Charged Assets relating to any other Discrete Series or Alternative Investments issued by Party B or against any other assets of Party B. It is a fundamental term of any debt comprising amounts owing and/or which may become owing to Party A by Party B and/or otherwise howsoever arising under or in respect of the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or the Confirmation relating thereto and forming part thereof or otherwise that Party A shall not be entitled to exercise any right of set-off, lien, consolidation of accounts, withholding or other similar right arising by operation of law or otherwise against Party B other than in its capacity as Party A, and then solely in respect of rights arising, under the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or the Confirmation relating thereto and forming part thereof and not in respect of any other agreement and shall not (save as aforesaid) petition or take any other step for the winding-up of Party B in relation to such debt or on any other grounds in respect of any other claim of whatever nature howsoever arising. This provision shall survive termination for any reason whatsoever of the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or the Confirmation relating thereto.

#### 5.12 Payments

Section 2(c) shall not apply. There shall be inserted the following additional paragraph as Section 2(e):

- “(e) **Same day payments.** If on any date (a “**Relevant Date**”) amounts are payable in respect of the same Transaction, by each party to the other, then the amount payable by Party A (the “**Party A Payment**”) shall not be so payable until the amount payable by Party B (the “**Party B Payment**”) shall have been duly paid and received in full in accordance with the provisions of this Agreement. If on a Relevant Date, Party A shall not have received evidence satisfactory to it of the payment and receipt of the Party B Payment (“**Party B Payment Evidence**”), it shall be entitled but not obliged to pay the Party A Payment to an interest bearing escrow account in its name with the Principal Paying Agent on terms that the Party A Payment shall be paid to Party B in accordance with this Agreement if Party A shall have notified the Principal Paying Agent that it has received the Party B Payment Evidence but otherwise the Party A Payment shall be immediately repaid in full together with any accrued interest by the Principal Paying Agent to Party A for Party A's sole use and benefit:
- (i) if Party A shall notify the Principal Paying Agent that there has occurred an Event of Default with respect to Party B or a Termination Event; or
  - (ii) in any event (if the Party A Payment shall not at such time have been paid to Party B in accordance with this Section 2(e)), immediately before close of business on the third Local Business Day after the Relevant Date.

The making or withholding of any Party A Payment or the taking or omission to take any other action by Party A in the circumstances and in the manner set out in this Section 2(e) shall not constitute an Event of Default or a Termination Event, in either such case, with respect to Party A. Party A shall as against Party B be absolutely beneficially entitled to any interest accrued on the escrow account referred to above.”.

#### 5.13 Section 5(a)(vii)

Section 5(a)(vii) shall apply with respect to Party B with the following amendments:

- (A) Section 5(a)(vii)(2) shall not apply.
- (B) Section 5(a)(vii)(3) shall take effect with the words “the Noteholders” substituted for “its creditors”.
- (C) Section 5(a)(vii)(5) is hereby amended by the insertion of the following words after the occurrence of the word “liquidation”:  
  
“or sends a notice convening a meeting to propose a voluntary arrangement of the Noteholders”.
- (D) Sections 5(a)(vii)(6) and (7) shall take effect with the words “assets comprised in the Collateral (as defined in the Constituting Instrument)” substituted for “all or substantially all its assets”.
- (E) Section 5(a)(vii)(7) is hereby amended by the insertion of the following words after the occurrence of the word “thereafter”:

“other than, for the avoidance of doubt, in the case of Party B, by the creation of any security interest in respect of Party B’s assets pursuant to the trust deed in respect of any Series of Notes or the Deed of Floating Charge (if any)”.

(F) Section 5(a)(vii)(9) shall not apply.

5.14 Contracts (Rights of Third Parties) Act 1999

A person which is not a party to the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument relating to the Notes has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of such Charged Agreement or any agreement or deed or constituted hereby, but this does not affect any right or remedy of a third party which exists or is available apart from that Act (and is without prejudice to the right of the Trustee to enforce its security over such Charged Agreement as contemplated by the Trust Deed relating to the Notes of the relevant Series).

5.15 Calculation of Early Termination Amount

Notwithstanding the provisions of Section 6(e), the determination of any Early Termination Amount shall be made by Party A in all circumstances except where Party A is the Defaulting Party, in which case it shall be made by Party B.

5.16 Notices

Section 12 of the Agreement is amended by the deletion of the following in the second to third lines thereof:

“(except that a notice or other communication under Section 5 or 6 may not be given by electronic messaging system or e-mail).”.

6. **Additional Provisions**

6.1 **Party A Interim Exchange**

Party A and Party B agree that, unless this paragraph 6.1 (*Party A Interim Exchange*) is expressly disapplied in any Confirmation relating to any Transaction entered into under this Agreement, the following provisions set out below shall be deemed to be included in such Confirmation:

“Party A Interim Exchange

Party A Interim Exchange Date: Two Business Days after each date on which Party B and Party A are notified of any charge applied to the Cash Account or any other cash account of Party B relating to this Series as a result of any negative interest rate which is applicable to such account, in accordance with Clause 4.10 (*Negative Interest*) of the Master Custody Terms, as amended by the Constituting Instrument (each such charge, a **“Negative Interest Charge”**).

Party A Interim Exchange Amount: In respect of each Party A Interim Exchange Date, an amount equal to the applicable Negative Interest Charge.

Party B (in its capacity as Party B under this Agreement and as the Issuer under the Custody Agreement) hereby acknowledges and agrees that each Party A Interim Exchange Amount paid by Party A shall be made to or to the order of Party B (in its capacity as Party B under this Agreement and as the Issuer under the Custody Agreement).”.

## 6.2 **Negative Interest Rates**

Party A and Party B agree that, unless this paragraph 6.2 (*Negative Interest Rates*) is expressly disappplied in any Confirmation relating to any Transaction entered into under this Agreement, “Zero Interest Rate Method” shall be deemed to be specified to be applicable to such Transaction for the purposes of Section 6.4 (*Negative Interest Rates*) of the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) and for the purposes of Section 6.4 each Buyer Payment Amount shall be deemed to be a Floating Amount.

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