



FIRST ABU DHABI BANK PJSC

(incorporated with limited liability in Abu Dhabi, the United Arab Emirates)
(formerly The National Bank of Abu Dhabi P.J.S.C.)

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

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

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

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

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

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

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

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

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

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

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

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

Arranger

First Abu Dhabi Bank PJSC

IMPORTANT NOTICES

Credit Ratings

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

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

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

Responsibility Statement

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

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

Information sourced from third parties

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

Important Information relating to the use of this Offering Memorandum

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

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

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

Prohibition of sales to EEA retail investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPS Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Dealers and the contents of this Offering Memorandum

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

Independent Investigation

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

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

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

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

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

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

Interpretation

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

Presentation of financial information

This Offering Memorandum incorporates by reference the unaudited condensed consolidated interim financial statements of the Group as at and for the nine months ended 30 September 2017 (the "**Interim Financial Statements**").

This Offering Memorandum also incorporates by reference the audited consolidated financial statements of National Bank of Abu Dhabi P.J.S.C. ("**NBAD**") as at and for the financial year ended 31 December 2016 (with comparative data for the year ended 31 December 2015) (the "**NBAD 2016 Financial Statements**") and as at and for the financial year ended 31 December 2015 (with comparative data for the year ended 31 December 2014) (the "**NBAD 2015 Financial Statements**" and, together with the NBAD 2016 Financial Statements, the "**NBAD Financial Statements**").

Additionally, this Offering Memorandum incorporates by reference the audited consolidated financial statements of First Gulf Bank P.J.S.C. ("**FGB**") as at and for the financial year ended 31 December 2016 (with comparative data for the year ended 31 December 2015) (the "**FGB 2016 Financial Statements**") and as at and for the financial year ended 31 December 2015 (with comparative data for the year ended 31 December 2014) (the "**FGB 2015 Financial Statements**" and, together with the FGB 2016 Financial Statements, the "**FGB Financial Statements**").

The NBAD Financial Statements and the FGB Financial Statements are collectively referred to as the "**Year-End Financial Statements**" in this Offering Memorandum. The Interim Financial Statements and

the Year-End Financial Statements are collectively referred to as the "**Financial Statements**" in this Offering Memorandum.

The Interim Financial Statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 '*Interim Financial Reporting*' and have been reviewed by KPMG Lower Gulf Limited ("**KPMG**") in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" as stated in their review report incorporated by reference in this Offering Memorandum.

The NBAD 2016 Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**"), and have been audited without qualification by PricewaterhouseCoopers (Abu Dhabi Branch) in accordance with International Standards on Auditing ("**ISA**") as stated in their audit report incorporated by reference herein. The NBAD 2015 Financial Statements have been prepared in accordance with IFRS issued by the IASB, and have been audited by KPMG in accordance with ISA as stated in their audit report incorporated by reference herein.

The FGB Financial Statements have been prepared in accordance with IFRS issued by the IASB, and have been audited without qualification by Ernst & Young Middle East (Abu Dhabi branch) in accordance with ISA as stated in their audit reports incorporated by reference herein.

The Group's financial year ends on 31 December and references in this Offering Memorandum to 2016 and 2015 are to the 12 month period ending on 31 December in each year.

The Financial Statements incorporated by reference in this Offering Memorandum should be read in conjunction with the respective notes thereto.

Any financial information regarding the Group included in this Offering Memorandum labelled as "unaudited" has not been extracted from the Year-End Financial Statements, but has been extracted or derived from the Interim Financial Statements or from the Group's unaudited management accounts based on accounting records, as applicable, or is based on calculations of figures from the above-mentioned sources.

Certain numerical figures set out in this Offering Memorandum, including financial and operating data, have been rounded. Therefore, the sums of amounts given in some columns or rows in the tables and other lists presented in this Offering Memorandum may slightly differ from the totals specified for such columns or rows. Similarly, some percentage values presented in the tables in this Offering Memorandum have been rounded and the totals specified in such tables may not add up to 100 per cent.

Non-IFRS financial measures and ratios

In addition, this Offering Memorandum includes certain non-IFRS financial measures and ratios such as the Group's capital adequacy ratio, non-performing loans ("**NPLs**") as a percentage of gross loans, NPL provision coverage (including collective impairment allowances) and the Group's risk weighted assets.

The Group uses these non-IFRS financial measures and ratios to evaluate its performance, and this additional financial information is presented in this Offering Memorandum. This information is not presented in accordance with IFRS and should be viewed as supplemental to the Group's financial information. Investors are cautioned not to place undue reliance on this information and should note that these non-IFRS financial measures and ratios, as calculated by the Group, may differ materially from similarly titled measures reported by other companies, including the Group's competitors. Within the industry in which the Group operates, non-IFRS financial measures and ratios may be calculated differently between relevant entities, limiting their value as comparative tools.

NOTICE TO BAHRAIN RESIDENTS

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

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

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

KINGDOM OF SAUDI ARABIA NOTICE

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

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

CONTENTS

	Page
OVERVIEW OF THE PROGRAMME	1
RISK FACTORS	5
DOCUMENTS INCORPORATED BY REFERENCE	44
TERMS AND CONDITIONS OF THE NOTES	45
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM	177
USE OF PROCEEDS	182
DESCRIPTION OF THE BANK	183
RISK MANAGEMENT	197
MANAGEMENT	206
OVERVIEW OF THE UAE AND ABU DHABI	217
THE UNITED ARAB EMIRATES BANKING SECTOR AND REGULATIONS	223
TAXATION	235
SUBSCRIPTION AND SALE	239
FORM OF PRICING SUPPLEMENT	246
GENERAL INFORMATION	272

OVERVIEW OF THE PROGRAMME

The following overview is qualified in its entirety by the remainder of this Offering Memorandum. Words and expressions defined in "Terms and Conditions of the Notes" and in "Forms of the Notes" shall have the same meanings in this overview.

Issuer:	First Abu Dhabi Bank PJSC
	<p>First Abu Dhabi Bank PJSC is a public joint stock company and is the product of the Merger (the "Merger") of National Bank of Abu Dhabi P.J.S.C. ("NBAD") and First Gulf Bank P.J.S.C. ("FGB") which was effected on 30 March 2017 (the "Effective Date"). The Merger was effected in accordance with the provisions of Article 291 of the UAE Federal Law No. 2 of 2015 Concerning Commercial Companies (the "CCL"), pursuant to which FGB was dissolved and its shares were delisted from the Abu Dhabi Securities Exchange on the Effective Date. NBAD, as the surviving corporate entity and the legal successor of FGB, automatically assumed all assets and liabilities of FGB with effect from the Effective Date.</p> <p>On 24 April 2017, the shareholders of NBAD passed the necessary resolutions at its general assembly meeting to approve a change in its registered name to First Abu Dhabi Bank PJSC. On 25 April 2017, the requisite regulatory approvals to effect the change of name were received by NBAD from the United Arab Emirates' Securities and Commodities Authority. Accordingly, the change of name to First Abu Dhabi Bank PJSC became effective from 25 April 2017.</p> <p>The registered office of the Bank is FAB Building, Khalifa Business Park – Al Qurm District, P.O. Box 6316, Abu Dhabi, United Arab Emirates. See "<i>Description of the Bank</i>".</p>
Description:	Structured Note Programme.
Size:	Up to U.S.\$ 2,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Dealer:	The Issuer may from time to time appoint one or more dealers in respect of one or more Tranches of Notes of a Series.
Fiscal Agent and Paying Agent:	The Bank of New York Mellon, London Branch
Calculation Agent:	National Bank of Abu Dhabi P.J.S.C
Registrar:	The Bank of New York Mellon SA/NV, Luxembourg Branch
Method of Issue:	The Notes will be issued in series (each a " Series ") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the amount and date of the first payment of interest thereon (if any) and the date from which interest starts to accrue), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a " Tranche ") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest (if any) and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the Pricing Supplement.

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

other instruments, as specified in the applicable Pricing Supplement.

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

Listing: Application has been made to admit Notes issued under the Programme to the Irish Stock Exchange's Official List and to trading on its Global Exchange Market.

Ratings: Tranches of Notes may be rated or unrated. Such rating will be specified in the Pricing Supplement.

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

Selling Restrictions: United States, Public Offer selling restriction under the Prospectus Directive (in respect of Notes having a denomination of less than €100,000 (or its equivalent in any other currency as at the date of issue of the Notes)), prohibition of sale to EEA retail investors, United Kingdom, the United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, Hong Kong, the People's Republic of China (excluding Hong Kong, Macau and Taiwan), Japan, the Republic of Ireland, the Republic of Korea, Taiwan, France, Belgium, Switzerland, Lichtenstein, the Grand-Duchy of Luxembourg and Singapore. See "*Subscription and Sale*".

Category 2 selling restrictions will apply for the purposes of Regulation S under the Securities Act.

The Notes will be issued in compliance with U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(D) (or any substantially identical successor U.S. Treasury regulation section including, without limitation, substantially identical successor regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**D Rules**") unless (i) the Pricing Supplement, states that Notes are issued in compliance with U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(C) (or any substantially identical successor U.S. Treasury regulation section including, without limitation, substantially identical successor regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the "**C Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the Pricing Supplement, as a transaction to which TEFRA is not applicable.

RISK FACTORS

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

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

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

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

Difficult macro-economic and financial market conditions have affected and could continue to materially adversely affect the Bank's business, results of operations, financial condition and prospects

The Bank, in common with other financial institutions, is susceptible to changes in the macro-economic environment and the performance of financial markets generally. As at the date of this Offering Memorandum, global debt and equity markets have been adversely impacted by the ongoing volatility in the macro-economic climate which has had, and which continues to have, a material adverse effect on the economies of the GCC states, including the UAE.

Between July 2014 and January 2016, international crude oil prices declined dramatically (falling by approximately 75 per cent. from a high monthly average OPEC Reference Basket price per barrel of U.S.\$107.89 in July 2014, to a monthly average price of U.S.\$26.50 in January 2016).

Notwithstanding the partial correction in global crude oil prices through 2016 and 2017 (according to the OPEC website, the average price of the OPEC Reference Basket was approximately U.S.\$51.67 per barrel for the year ended 31 December 2016 while, as at 30 November 2017, the average price of the OPEC Reference Basket for the year to that date was U.S.\$61.06 per barrel), the economies of the oil-revenue dependent GCC states have continued to be adversely affected with greater budget deficits, a decrease in fiscal revenues and consequent lower public spending seen in 2016 and 2017. This has resulted in the downgrading, or placing on "creditwatch", of a number of GCC sovereigns including, particularly, the Sultanate of Oman and the Kingdom of Bahrain. In the UAE, the IMF expects the federal budget deficit for 2016 to widen to approximately 7.2 per cent. of GDP when final figures are ultimately released.

Additionally, in the UAE, the significant fiscal reforms implemented by the federal government in response to the low oil price environment since 2015 has had, and is expected to continue to have, a transformative effect on the UAE economy. The federal government has scaled back capital transfers to government-related entities, cut government investment, raised electricity and water tariffs and removed fuel subsidies. Additionally, the federal government has confirmed that it will be introducing a value-added tax ("VAT") regime in the UAE with effect from 1 January 2018. These measures have become an integral part of a broader federal government strategy aimed at rationalising fiscal expenditure generally and reducing fiscal dependency on hydrocarbon related revenues. When taken in totality with the ongoing oil price volatility, the diversion of significant fiscal revenues to the Saudi Arabian led military intervention in the Republic of Yemen since 2015 and domestic job losses in both the private and public sectors across the UAE (and particularly within Abu Dhabi), the impact on the UAE economy since early 2015 has been, and is expected to continue to be, significant.

Further, the performance of international debt and equity markets and investor sentiment generally across the European Union (the "EU") and the United States has been affected by political events during 2016, notably the United Kingdom's "Brexit" vote and the result of the Presidential election in the United States with the broader impact on the general political and macro-economic conditions in the United Kingdom,

the EU, the United States and globally remaining unclear as at the date of this Offering Memorandum until the precise terms of the United Kingdom's exit from the EU and the impact of the fiscal-stimulus policies of the Trump administration, respectively, become clearer.

As a result of market conditions prevailing as at the date of this Offering Memorandum, companies to which the Bank directly extends credit have historically experienced, and may continue to experience, decreased revenues, financial losses, insolvency, difficulty in obtaining access to financing and increased funding costs and some of these companies have been unable to meet their debt service obligations or other expenses as they become due, including amounts payable to the Bank. While the Bank's direct exposure to the energy sectors is not significant (being equal to approximately 5.1 per cent. of its on balance sheet loans and advances to customers as at 30 September 2017), a continued deterioration in global oil prices may further adversely impact the UAE economy as a whole and may indirectly and adversely impact the Bank as a result of a deterioration in other sectors of the UAE economy.

These challenging market conditions have resulted in reduced liquidity, widening of credit spreads and lack of price transparency in credit and capital markets. The adverse market conditions have impacted investment markets both globally and in the UAE, with increased volatility in interest rates and exchange rates. The decision of the U.S. federal reserve to raise interest rates in December 2015 for the first time since 2006, and again in December 2016, March 2017 and June 2017, with further increases expected in December 2017 and ahead into 2018, will likely further exacerbate the reduced liquidity and adversely impact the Bank's net interest margins and borrowing costs.

The business, results of operations, financial condition and prospects of the Bank have been materially adversely affected by these trends and may be further materially adversely affected by a continuation of the unfavourable economic conditions in the other countries of the GCC and emerging markets generally as well as by United States, European and international trading market conditions and/or related factors.

Credit risks

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation on maturity or in a timely manner, causing the other party to incur a financial loss. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be affected similarly by changes in economic, political or other conditions. Concentrations of credit risk may also arise as a result of large exposures to individuals or a group of related counterparties. Concentrations of credit risk indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographic location.

In common with other banks in the GCC, as a result of adverse economic and political developments in recent years (see "*Difficult macro-economic and financial market conditions have affected and could continue to materially adversely affect the Bank's business, results of operations, financial condition and prospects*"), adverse changes in consumer confidence levels, consumer spending, liquidity levels, bankruptcy rates and commercial and residential real estate prices, among other factors, have historically impacted the Bank's credit portfolio.

This volatile economic environment, together with the anticipated reduction in Governmental spending and the likely impact on the level of economic activity in Abu Dhabi and the UAE is expected to continue to have an adverse effect on the Bank's credit risk profile. Although the Bank regularly reviews its credit exposures and has re-priced a portion of its loan portfolio and restructured some of its loans under stress, customer defaults may continue to occur. The occurrence of these events has affected, and could continue to materially adversely affect, the Bank's business, results of operations, financial condition and prospects.

If the Bank is unable to effectively monitor and control the level of, or successfully restructure, its non-performing loans with debtors in financial distress, or its allowances for loan impairment are insufficient to cover loan losses, the Bank's financial condition and results of operations would be adversely affected

As at 30 September 2017, the Bank had AED 10.2 billion of impaired loans and, for the nine month period ended 30 September 2017, carried impairment allowances of AED 11.2 billion to cover potential loan losses. In accordance with IFRS, the Bank is required to reflect the impairment calculated (which is established based on its best estimates of recoveries and judgments leading to calculation of probable

losses) as an upfront charge to the income statement. This will be written back to the income statement as and when interest, profit or principal (as appropriate) on the debt is received. However, the actual loan losses could be materially different from the loan impairment allowances. The Bank's management believes that the levels of impairment allowances for impaired loans as at 30 September 2017 are sufficient to cover the Bank's potential loan losses as at that date. As at 30 September 2017, provision covered 109.0 per cent. of the Bank's impaired assets.

The Bank regularly reviews and monitors compliance with lending limits to individual financial institutions and country limits (see "*Risk Management*"). Further, the Bank's credit group is responsible for the formulation of credit policies and processes in line with growth, risk management and strategic objectives and the Bank's management believes that the systems in place to implement the Bank's loan restructuring and loan loss impairment allowances are adequate as at each reporting date.

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

The Bank's loan and investment portfolios and deposit base are concentrated by geography, sector and client

The Bank's loan and investment portfolio is concentrated, geographically, in the UAE. As a result, any deterioration in general economic conditions in the UAE or any failure of the Bank to effectively manage its geographic, sectoral and client risk concentrations could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Bank's loan and non-trading debt securities portfolio (net of provisions) together constituted 64.0 per cent. of its total assets, or AED 411 billion, as at 30 September 2017. As at 30 September 2017, the borrowers in respect of 66.6 per cent. of the outstanding gross loans and advances to customers are located in the UAE, 8.0 per cent. are located in other Middle East countries and the remaining 25.4 per cent. are located outside the region. Of the Bank's total gross loans and advances to customers as at 30 September 2017, real estate accounted for 24.2 per cent., personal loans and credit cards accounted for 20.8 per cent., the banks and services sectors accounted for 15.6 per cent. and the transport and communication sectors accounted for 7.9 per cent.

The Bank's investment securities portfolio comprised AED 83.1 billion (or 79.1 per cent.) non-trading debt securities as at 30 September 2017. The Bank's non-trading debt securities portfolio has significant exposure to MENA region issuers which are principally government and public sector entities. As at 30 September 2017, AED 43.8 billion, or 53.0 per cent. of the portfolio comprised exposure primarily to MENA region issuers.

Further, the majority of the population in the UAE is comprised of non-nationals who require a renewable work permit sponsored by their employer to work and reside in the UAE (see "*Overview of the UAE and Abu Dhabi*"). Therefore, most of the Bank's customer base and retail loan portfolio is comprised of UAE-based expatriates. The Bank is exposed to a "skip risk" that such customers may leave the UAE without making repayments on their loans. Although the Bank takes overseas enforcement action against "skip" borrowers in certain countries and regularly reviews its credit exposures and has in place systems for assessing the financial condition and creditworthiness of its debtors, its failure to do so accurately or effectively may result in an increase in the rate of default for the Bank's loan portfolio, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

A substantial increase in new impairment allowances or losses greater than the level of previously recorded impairment allowances for doubtful loans and advances to customers would adversely affect the Bank's results of operations and financial condition

In connection with lending activities, the Bank periodically establishes impairment allowances for loan losses, which are recorded in its income statement. The Bank's overall level of impairment allowances is based upon its assessment of prior loss experience, the volume and type of lending being conducted, collateral held, industry standards, past due loans, economic conditions and other factors related to the recoverability of various loans. Although the Bank endeavours to establish an appropriate level of impairment allowances based on its best estimate of the amount of incurred loss, it might be possible, for

example, due to economic stress situations or changes in the regulatory environment, that the Bank has to significantly increase its impairment allowances for loan losses. Any significant increase in impairment allowances for loan losses or a significant change in the Bank's estimate of the risk of loss inherent in its portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the impairment allowances allocated with respect thereto, would have an adverse effect on its business, results of operations, financial condition and prospects.

IFRS 9 will, when introduced for reporting periods commencing on 1 January 2018, replace IAS 39 and introduce an 'expected credit loss' model for the measurement of the impairment of financial assets, such that it is no longer necessary for a credit event to have occurred before a credit loss is recognised. While the expected impact of IFRS 9 on the Bank's calculation of impairment allowances is uncertain, the Bank expects that the UAE Central Bank requirement that banks hold collective provisions of a minimum amount of 1.5 per cent. of credit risk weighted assets will ease the transition to IFRS 9 when formally introduced in the UAE. Upon adoption of IFRS 9 with effect from 1 January 2018, the initial impact will be assessed against the Bank's consolidated statement of changes in equity, following which the impact will be recorded to the Bank's consolidated income statement. As at the date of this Offering Memorandum, the Bank has not chosen to adopt IFRS 9 ahead of its mandatory effective date of 1 January 2018 and is continuing to utilise its existing models for assessment and calculation of impairment allowances. However, any mandatory change to such impairment calculation models imposed by IFRS 9 may adversely impact impairment allowances established by the Bank which would have an adverse effect on its business, results of operations, financial condition and prospects.

The Bank may be materially adversely affected by a loss of business from key clients that represent a significant portion of its loans and deposits

The Bank generates a significant proportion of its net operating income from certain key clients, including Government of Abu Dhabi-controlled and Government of Abu Dhabi-related entities, and members of the ruling family of Abu Dhabi and other high net worth individuals ("**HNWIs**") (including the controlled/affiliated entities of these individuals). The loss of all or a substantial portion of the business provided by one or more of these clients could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

In addition, the financial condition and ongoing profitability of Government of Abu Dhabi-controlled or Government of Abu Dhabi-related entities largely depends upon Government spending and policy. Therefore, the Bank is exposed to shifts in Governmental spending and policy and its impact on the level of economic activity in Abu Dhabi and the UAE over which it has no control and the effect of such shifts on the Bank may be difficult to predict. Challenging economic conditions since mid-2014 have resulted in larger budget deficits across the GCC economies (the IMF expects the UAE federal budget deficit for 2016 to widen to approximately 7.2 per cent. of GDP when final figures are ultimately released), coupled with reduced fiscal budgets and public spending which has been particularly pronounced in Abu Dhabi (see "*Difficult macro-economic and financial market conditions have affected and could continue to materially adversely affect the Bank's business, results of operations, financial condition and prospects*").

The Bank's failure to adequately foresee and assess such shifts may have an adverse effect on its business, results of operations, financial condition and prospects.

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

Liquidity risk is the risk that the Bank will be unable to meet the payment obligations associated with its financial liabilities when they fall due and/or replace funds when they are withdrawn. Liquidity risks could materially adversely affect the Bank's business, results of operations, financial condition and prospects.

The Bank's cash flow from its operations may not be sufficient at all times to meet its contractual and contingent payment obligations

If the Bank's cash flow from its operations is not sufficient to meet its short- and medium-term contractual and contingent payment obligations coming due, it could experience liquidity issues. Such liquidity issues could occur if the Bank's available liquidity is not sufficient to enable it to service its debt, fulfil loan commitments or meet other on or off balance sheet payment obligations on specific dates, even if the Bank continues to receive new deposits from customers, proceeds from new financings or its future

revenue streams. Such liquidity issues could also arise if there is an unexpected outflow of customer deposits, if there is a material decline in the value of the Bank's liquid securities portfolio or if the Bank is unable to secure short-term funding to bridge this funding gap.

The Bank's Group Assets and Liability Committee sets and monitors liquidity ratios, regularly revises and updates the Bank's liquidity management policies and seeks to ensure that the Bank is in a position to meet its obligations as they fall due (see further "*Risk Management*"). Further, the Bank conducts analysis of maturities of assets and liabilities on a periodic basis to determine its ongoing funding needs and to ensure adequate liquidity is maintained across the defined time horizon. The Bank's Group Risk and Compliance Committee receives regular updates on the Bank's liquidity under both normal and stressed market conditions, as well as developing strategies to ensure liquidity is available for defined time horizons under stress scenarios. As at 30 September 2017, the Bank had cash and cash equivalents of AED 116.1 billion.

As a result of the optionality provided by the Liquidity Notice (as defined below) and in preparation for the full implementation of Basel III in the UAE, the Bank manages its liquidity position through the liquidity coverage ratio ("**LCR**") (in addition to its ongoing obligation to report its ELAR, NSFR and ASRR ratios (each as defined herein) to the UAE Central Bank).

The LCR is a metric introduced by the Basel Committee on Banking Supervision as part of the Basel III criteria to measure a bank's ability to manage a sustained outflow of customer funds in an acute stress event over a 30-day period. The ratio is calculated by taking a financial institution's stock of high quality liquid assets ("**HQLAs**") – which include low-risk, highly marketable asset classes, designed to provide significant sources of liquidity in such a stress scenario – and dividing it by its projected net cash outflows over the immediately following 30-day period. The LCR requires that banks have sufficient HQLAs in their liquidity buffer to cover the difference between expected cash outflows and expected capped cash inflows over a 30-day stressed period. Basel III requires that the minimum value of the ratio is 100 per cent. (i.e., an institution's stock of HQLAs should at least equal total net cash outflows). As at 30 September 2017, the Bank held a portfolio of net HQLAs valued at AED 170.8 billion and had an LCR ratio of 105.0 per cent.

The Bank's maintenance of its liquidity position through LCR and the associated requirement to maintain a significant buffer of HQLAs may adversely affect the Bank's core businesses of consumer and wholesale banking, particularly given the inherent cost of maintaining a HQLA portfolio of sufficient size and quality to cover regulatory outflow assumptions embedded in the LCR. If the Bank were to choose to mitigate against these additional costs by introducing selective deposit fees or minimum lending rates, this may result in a loss of customer deposits, a key source of the Bank's funding, net new money outflows and/or a declining market share in its domestic loan portfolio.

By virtue of the inherent costs associated with LCR compliance and maintaining a sufficient portfolio of HQLAs, the Bank may be at a competitive disadvantage to its peer UAE based financial institutions who do not monitor liquidity through LCR which may have a material adverse effect on its business, results of operations, financial condition and prospects.

The Bank relies on short-term demand and time deposits as a major source of funding but primarily has medium- and long-term assets, which may result in asset-liability maturity gaps

In common with other banks in the UAE, many of the Bank's liabilities are short-term demand and time deposits, whereas its assets are generally medium to long-term (such as loans and mortgages). Although the Bank has accessed wholesale funding markets (through bilateral or syndicated loans and international bond markets) in order to diversify and increase the maturity of its funding sources, such borrowings have not eliminated asset-liability maturity gaps. If a substantial portion of the Bank's depositors withdraw their demand deposits or do not roll over their time deposits upon maturity, or the Bank fails to refinance some of its large short- to medium-term borrowings, the Bank may need to access more expensive sources to meet its funding requirements. No assurance can be given that the Bank will be able to obtain additional funding on commercially reasonable terms as and when required, or at all. The Bank's inability to refinance or replace such deposits with alternative funding could materially adversely affect the Bank's liquidity, business, results of operations, financial condition and prospects.

The Bank has significant off balance sheet credit-related commitments that may lead to potential losses

As part of its normal banking business, the Bank issues revocable and irrevocable commitments to extend credit, guarantees, letters of credit and other financial facilities and makes commitments to invest in securities before such commitments have been fully funded. All of these are accounted for off balance sheet until such time as they are actually funded. Although these commitments are contingent and therefore off balance sheet, they nonetheless subject the Bank to related credit, liquidity and market risks. Credit-related commitments are subject to the same credit approval terms and compliance procedures as loans and advances to customers, and commitments to extend credit are contingent on customers maintaining required credit standards. Although the Bank anticipates that not all of its obligations in respect of these commitments will be triggered, it may have to make payments in respect of a substantial portion of such commitments, which could have a material adverse effect on its financial position, and in particular its liquidity position. As at 30 September 2017, the Bank had AED 206.5 billion in such contingent liabilities.

Market risks

The Bank's business exposes it to market risk, which is the risk that changes in market prices, such as interest rates, equity prices, commodity prices, foreign exchange rates and credit spreads will affect the Bank's income or the fair value of its holdings of financial instruments. Market risks could adversely affect the Bank's business, results of operations, financial condition and prospects. Some of the market risks currently facing the Bank are described in more detail below.

Changes in interest rate levels may affect the Bank's net interest margins and borrowing costs, and the value of assets sensitive to interest rates and spread changes may be adversely affected

Any shortage of liquidity in markets that are sources of funding for the Bank could contribute to an increase in the Bank's marginal borrowing costs. Similarly, any increase in interbank reference rates could also affect the value of certain assets that are subject to changes in applicable interest rates. As at 30 September 2017, the Bank's borrowings were largely set at floating rates based on interbank reference rates, such as 3-month LIBOR and 3-month EIBOR, plus a specified margin.

The U.S. federal reserve raised interest rates in December 2015 for the first time since 2006. In December 2016, in March 2017 and again in June 2017, further 0.25 per cent. rate hikes were announced by the U.S. federal reserve, with further increases expected in December 2017 and ahead into 2018. As at 30 September 2017, 82.1 per cent. of the Bank's total term borrowings and commercial paper issuance was denominated in U.S. dollars. If the pace of U.S. interest rate movements develops as expected, it may adversely impact the Bank's borrowing costs.

If interbank reference rates rise, the interest payable on the Bank's floating rate borrowings increases. The Bank's marginal cost of funding may increase as a result of a variety of factors, including further deterioration of conditions in the financial markets or loss of confidence by and between financial institutions. If the Bank fails to pass on such increase in funding costs to its customers in a timely manner or at all due to market, competitive or other conditions, it could have a material adverse effect on its business, results of operations, financial condition and prospects.

Changes in equity and debt securities prices may affect the values of the Bank's investment portfolios

The Bank holds investment securities and a decrease in the realised and unrealised fair value investment gains, together with fair value losses on such investment securities has had a material adverse impact as a result of global macro-economic volatility. The current instability in the international debt and equity capital markets is likely to continue to have a material adverse impact on the Bank's investment portfolios and its financial condition and results of operations. As at each reporting period, the Bank records: (i) realised gains or losses on the sale of any investment securities; (ii) unrealised fair value gains or losses in respect of any investment securities as at the end of the period on a mark to market basis; and (iii) impairment where there is a sustained decrease in fair value of any investment securities.

The amounts of such gains and losses may fluctuate considerably from period to period. The level of fluctuation depends, in part, upon the market value of the securities, which in turn may vary considerably, and the Bank's investment policies. The Bank cannot predict the amount of realised or unrealised gain or loss for any future period, and variations from period to period are not indicative of future performance.

Gains on the Bank's investment portfolio may not continue to contribute to net income at levels consistent with those from recent periods or at all.

Operational risks

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

The Bank's risk management and internal controls may leave it exposed to unidentified or unanticipated risks, which could result in material losses

In the course of its business activities, the Bank is exposed to a variety of risks, the most significant of which are credit risk, market risk, liquidity risk and operational risk. See "*Risk Management*". Investors should note that any failure to adequately control these risks could result in material adverse effects on the Bank's business, results of operations, financial condition and prospects, as well as its general reputation in the market.

The Bank's risk management techniques may not be fully effective or consistently implemented in mitigating its exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some of the Bank's methods of managing risk are based upon its use of historical market behaviour. These methods may not always predict future risk exposures, which could be significantly greater than such historical measures indicate. Other risk management practices, including "know your client" practices, depend upon evaluation of information regarding the markets in which the Bank operates, its clients or other matters that are publicly available or information otherwise accessible to the Bank.

There is a lack of publicly available information and financial data regarding debtors' credit and payment histories in the GCC (primarily due to borrowers' limited credit histories and inability (and, in certain cases, unwillingness) to provide the quality and quantity of information sought by lenders and the fact that credit bureaus in the UAE are in their infancy). Accordingly, the Bank, in common with other UAE banks, is frequently required to make risk management assessments in the absence of the quality and quantity of information available to lenders in other, more developed markets.

As such practices are less developed in the GCC than they are in other markets and may not have been consistently and thoroughly implemented in the past, this information may not be accurate, complete, up-to-date or properly evaluated in all cases.

There can be no assurance that the Bank's risk management and internal control policies and procedures will adequately control, or protect the Bank against, all credit, liquidity, market and other risks. In addition, certain risks could be greater than the Bank's empirical data would otherwise indicate. The Bank also cannot give assurance that all of its staff have adhered, or will adhere, to its risk policies and procedures. Any material deficiency in the Bank's risk management or other internal control policies or procedures may expose it to significant credit, liquidity, market or operational risk, which may in turn have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

If the Bank is unable to retain key members of its senior management and/or remove underperforming staff and/or hire new qualified personnel in a timely manner, this could have an adverse effect on the business of the Bank

The Bank's ability to maintain and grow its business will depend, in part, on its ability to continue to recruit, retain and ensure the performance and contribution of qualified and experienced financial services and leadership personnel. In common with other banks in the UAE, the Bank can experience a shortage of qualified employees residing in the UAE, which may require it to recruit from outside the UAE. In

addition, even after hiring its employees, the Bank may face challenges in retaining such employees due to the continued recruitment efforts of its competitors.

Additionally, if the Bank continues to grow post-Merger, it may need to continue to increase its number of employees. The Bank is guided in its human resources decisions by the UAE federal government's recommended policy that companies operating in the UAE recruit UAE nationals representing at least 4 per cent. of their total employees each year. The UAE federal government's policy supporting the recruitment of UAE nationals does not set any upper limit at which the policy would no longer be applicable. If the Bank is not able to meet or exceed the UAE federal government's minimum threshold for Emirati employees as set out in the UAE federal policy on Emiratisation, promulgated by UAE Cabinet Decree number 3/10/267 of 2015, dated 25 October 2015 (the "**Emiratisation Circular**"), it may be subject to legal penalties, calculated in accordance with the Emiratisation Circular. See "*Description of the Bank – Emiratisation*".

While the Bank believes that it has effective staff recruitment, retention, development and rewards programmes in place, its failure to recruit, train and/or retain necessary personnel or the shortage of qualified UAE nationals or other nationals prepared to relocate to the UAE, could have a material adverse effect on its business, results of operations, financial condition and prospects.

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

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

Factors relating to the Merger

The Bank may experience difficulties in integrating the distinct businesses carried on by NBAD and FGB

The Merger of NBAD and FGB which was effected on 30 March 2017, involves the integration of two businesses that previously operated independently. The Bank may face significant challenges integrating the two organisations, their policies, technologies and operations in a timely and efficient manner, as well as in addressing differences in the business cultures of the two companies and retaining key former NBAD and FGB personnel. The integration process may prove to be more complex and time-consuming than anticipated, requiring substantial resources and effort and leading to a degree of uncertainty for customers and employees.

The potential difficulties of combining the businesses include:

- the necessity of co-ordinating and consolidating management functions, organisations, systems and facilities;
- the task of integrating the management and personnel of NBAD and FGB, maintaining employee morale and retaining and incentivising key employees;
- accurately evaluating the contractual, financial, regulatory, environmental and other obligations and liabilities associated with each of NBAD's and FGB's legacy investments, including the

appropriate implementation of financial oversight and internal controls and the timely preparation of financial statements that are in conformity with the Bank's accounting policies;

- accurately judging market dynamics, demographics, growth potential and competitive environment (including evaluating and managing the risks and uncertainties in entering new markets and acquiring new businesses); and
- maintaining and obtaining the necessary licences and approvals from relevant governmental and regulatory authorities and agencies.

The process of integrating operations may present financial, managerial and operational risks, including an interruption of, or loss of momentum in, the activities of one or more of the Bank's businesses and the loss of key personnel. Any delays or difficulties encountered in connection with the integration of the operations of the businesses could have an adverse effect on the Bank's business, results of operations, financial condition or prospects.

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

If the Bank fails to manage the integration of the legacy businesses of NBAD and FGB effectively, the Bank's growth strategy and future profitability could be negatively affected and it may fail to achieve the anticipated benefits of the Merger. In addition, difficulties in integrating the businesses could harm the Bank's reputation, which may result in the loss of customers and key employees which could, in turn, have an adverse effect on the Bank's business, results of operations, financial condition or prospects.

The Bank may not achieve the synergies expected from the Merger

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

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

There is a risk that the cost savings projected from integrating the NBAD and FGB businesses will not be realised due to unforeseen inaccuracies in the pre-Merger computation of such savings. Additionally, there is a risk that these cost savings are not realised in the time, manner or amounts currently expected, if at all, as a result of various external and internal factors.

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

Regulatory risks

The Bank is a highly regulated entity and changes to applicable laws or regulations, the interpretation or enforcement of such laws or regulations or the failure to comply with such laws or regulations could have an adverse impact on the Bank's business

The Bank is subject to a number of prudential and regulatory requirements designed to maintain the safety and soundness of banks, ensure their compliance with economic, social and other objectives and limit their exposure to risk. These regulations include UAE federal laws and regulations (particularly those of the UAE federal government and the UAE Central Bank), as well as the laws and regulations of the other countries in which the Bank operates. In particular (but without limitation), the Bank is subject to the following restrictions:

- certain credit limits in respect of real estate and construction financing, major shareholders or to a single customer (based on the Bank's customer deposits and/or capital and reserves as prescribed by the UAE Central Bank);
- concentration limits on total credit and other risk exposures to retail customers, banks, investments and country exposure (including, but not limited to, regulations promulgated by the UAE Central Bank in UAE Central Bank Notice No. 32/2013 on large exposures (the "**Large Exposure Notice**"), which was published in the Official Gazette on 30 December 2013 and entered into force on 30 January 2014);
- a minimum total capital adequacy ratio of 12.5 per cent., effective from 1 February 2017, increasing to a minimum total capital adequacy ratio of 13.5 per cent., effective from 1 January 2018 and a minimum total capital adequacy ratio of 14.5 per cent., effective from 1 January 2019. Within this minimum capital adequacy ratio, the UAE Central Bank has established additional capital requirements for systemically important banks (such as the Bank, which has been designated as a domestically systemically important bank ("**D-SIB**") with an additional Common Equity Tier 1 D-SIB buffer of 0.75 per cent. required from 1 February 2017, increasing on a sliding scale to 1.125 per cent., effective from 1 January 2018 and 1.5 per cent., effective from 1 January 2019). Additionally, and comprised within the minimum total capital adequacy ratio mandated by the UAE Central Bank, UAE banks are also subject to a capital conservation buffer of 1.25 per cent. (effective from 1 February 2017), 1.875 per cent. (effective from 1 January 2018) and 2.5 per cent. (effective from 1 January 2019), as applicable, pursuant to the February 2017 Regulations (as defined below). As at 30 September 2017, the Bank had a total capital adequacy ratio of 18.0 per cent., comfortably above the minimum UAE Central Bank requirements (including the additional D-SIB buffer);
- certain limitations around the fees and interest rates which UAE banks can charge to retail customers and maximum loan to income and loan to value ratios for retail products such as residential mortgage loans (prescribed by the UAE Central Bank circular dated 23 February 2011 (the "**Retail Circular**") on retail banking and Notice No. 31/2013 dated 28 October 2013 (which was published in the UAE official gazette (the "**Official Gazette**") on 28 November 2013 and entered into force on 28 December 2013) (the "**Mortgage Regulations**"));
- total loans and advances to customers and interbank placements over the Bank's stable resources (comprising deposits and borrowed funds with maturities of greater than six months and net shareholders' equity) cannot exceed 100 per cent.;
- increase employment and progression of UAE nationals within the Bank, in accordance with the Emiratisation Circular and the UAE federal government's Emiratisation policy promulgated through UAE Central Bank regulations (that companies operating in the UAE recruit UAE nationals representing at least 4 per cent. of their total employees each year) (see "*Description of the Bank – Emiratisation*");
- in accordance with UAE Central Bank Notice No. 33/2015 on liquidity requirements (which was issued by the UAE Central Bank on 27 May 2015 and which entered into force with effect from 1 July 2015, replacing UAE Central Bank Notice No. 30/2012) (the "**Liquidity Notice**"), compliance with certain qualitative and quantitative liquidity requirements; and

- mandatory cash reserve of 14 per cent. of all current, call and savings deposits and 1 per cent. of all time deposits, respectively, based on balances calculated on the 15th of each month and notified in the second month following circulation pursuant to the UAE Central Bank Circular of December 2000.

In addition, in May 2016, the UAE Central Bank published a draft consultation document entitled "Capital Adequacy Regulation" (the "**Consultation Document**"), detailing the Basel III ("**Basel III**") requirements expected to be followed by banks operating in the UAE, once applicable legislation has been implemented domestically. In particular, the Consultation Document outlines the general quantitative requirements expected to be followed by UAE banks, with regards to Common Equity Tier I capital, Additional Tier I capital and Tier II capital (together, "**Regulatory Capital**"). It also outlines, amongst other things, the Regulatory Capital ratios that UAE banks will be expected to follow and adhere to, the individual UAE bank minimum capital conservation standards and the required disclosure standards expected to be made available by UAE banks with respect to Regulatory Capital.

On 23 February 2017, the UAE Central Bank published the "Regulations re Capital Adequacy" (the "**February 2017 Regulations**") in the Official Gazette issue 612, which are effective from 1 February 2017. The February 2017 Regulations are intended to ensure that the capital adequacy of all banks operating in the UAE is in line with the Basel III requirements, whilst implementing the measures contained in the Consultation Document. The February 2017 Regulations are supported by accompanying standards (the "**Accompanying Standards**") which are yet to be issued as at the date of this Offering Memorandum. The Accompanying Standards will elaborate on the supervisory expectations of the UAE Central Bank with respect to the relevant Basel III capital adequacy requirements. Banks which are classified as D-SIBs by the UAE Central Bank (such as the Bank) will be required to hold additional capital buffers as notified to it by the UAE Central Bank. In addition, a bank may also be subject to additional capital add-on requirements following a Supervisory Review and Evaluation process of the UAE Central Bank.

As at the date of this Offering Memorandum, the UAE has not fully implemented Basel III. In advance of the enactment of the Accompanying Standards to fully implement Basel III in the UAE, it is not possible to accurately predict the precise form in which Basel III will be introduced and whether or not such implementation will be in accordance with the provisions set out in the February 2017 Regulations. Accordingly, the UAE Central Bank's ultimate implementation of Basel III may further increase the regulatory burden on UAE financial institutions, such as the Bank, which could adversely impact the Bank's business. For example, if further counter-cyclical or systemically important buffers are implemented by the UAE Central Bank as part of the wider introduction of Basel III, it is possible that UAE financial institutions, including the Bank, will be required to increase the levels of Regulatory Capital that they hold on their balance sheets. Additionally, financial institutions, such as the Bank, which hold existing Tier I or Tier II capital instruments (as so classified under Basel II principles) may also be adversely affected if the UAE Central Bank's implementation of Basel III does not provide for grandfathering treatment of these pre-existing instruments. As at 30 September 2017, the Bank's total capital adequacy ratio was 18.0 per cent. and included the AED 4.0 billion Tier I capital notes issued by each of FGB and NBAD to the Government's Department of Finance in February and March 2009, respectively. If these Tier I capital notes are not grandfathered when Basel III is fully implemented in the UAE, they would cease to qualify towards the Bank's Regulatory Capital which would have a material and adverse effect on the Bank's capital base.

Such regulations may limit the Bank's ability to increase its loan portfolio or raise capital or may increase the Bank's costs of doing business. Any further changes in laws or in UAE Central Bank regulations or policy and/or the manner in which they are interpreted or enforced may affect the Bank's reserves, revenues and performance and may have a material adverse effect on the Bank's business, results of operations, financial condition and prospects. Furthermore, non-compliance with regulatory guidelines could expose the Bank to potential liabilities and fines. Although the Bank works closely with its regulators and continually monitors compliance with UAE Central Bank regulations and policy, future changes in regulation, fiscal or other policies cannot be predicted and are beyond its control.

For further detail on the Large Exposure Notice, the Retail Circular, the Mortgage Regulations, the Liquidity Notice, the Consultation Document, the February 2017 Regulations and other UAE Central Bank circulars and regulations see "*The United Arab Emirates Banking Sector and Regulations – Recent trends in Banking*".

Risks relating to the UAE and the Middle East

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

The UAE's economy, and the economy of Abu Dhabi in particular, is highly dependent upon oil revenue. While Abu Dhabi is actively promoting tourism and real estate and undertaking several large-scale development projects, the oil and gas industry dominates Abu Dhabi's economy and contributed approximately 50.9 per cent. to nominal GDP in 2014 and, reflecting the lower oil price environment from mid-2014 onwards, 35.1 per cent. in 2015 and (according to preliminary estimates published by the Statistics Centre) 27.5 per cent. in 2016.

The Bank has historically received significant funding and other support from the Government and the UAE federal government. In the case of the Government, such funding and other support has been largely derived from the Government's significant oil revenues.

According to OPEC data, as at 31 December 2016, the UAE had approximately 6.6 per cent. of proven global crude oil reserves which generated 21.3 per cent. of its nominal GDP and 16.9 per cent. of the total value of the UAE's exports (including re-exports) in 2016 (according to preliminary data produced by the FCSA and the UAE Central Bank). According to the OPEC website, the price of the OPEC Reference Basket has fluctuated significantly in recent years. During the second half of 2008 and into 2009, world oil prices fell approximately 70 per cent. from their peak level of U.S.\$137 per barrel of Murban crude reached in July 2008 to an average of approximately U.S.\$62.7 per barrel for the year ended 31 December 2009, before returning to an average of approximately U.S.\$105.87 per barrel for the year ended 31 December 2013. However, between July 2014, when the monthly average OPEC Reference Basket price per barrel was U.S.\$107.89 and January 2016, crude oil prices fell sharply, by approximately 75 per cent. to a monthly average price of U.S.\$26.50. Since this low point, there has been a global correction in prices and, as at 30 November 2017, the average price of the OPEC Reference Basket for the year to that date had recovered to U.S.\$61.06 per barrel. Oil prices are expected to continue to fluctuate in the future in response to changes in many factors over which the Bank has no control. Factors that may affect the price of oil include, but are not limited to:

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

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

The Bank is subject to political and economic conditions in Abu Dhabi, the UAE and the Middle East

The majority of the Bank's current operations and interests are located in the UAE. The Bank's results of operations are, and will continue to be, generally affected by financial, economic and political developments in or affecting Abu Dhabi, the UAE and the Middle East and, in particular, by the level of economic activity in Abu Dhabi, the UAE and the Middle East which, in turn, is affected by the prevailing level of global crude oil prices. It is not possible to predict the occurrence of events or circumstances, such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the Bank would be able to sustain the operation of its business if adverse political events or

circumstances were to occur. A general downturn or instability in certain sectors of the UAE or the regional economy could have an adverse effect on the Bank's business, results of operations, financial condition and prospects.

Investors should also note that the Bank's business and financial performance could be adversely affected by political, economic or related developments both within and outside the Middle East because of interrelationships within the global financial markets. In addition, the implementation by the Government or the UAE federal government of restrictive fiscal or monetary policies or regulations, including changes with respect to interest rates, new legal interpretations of existing regulations or the introduction of taxation or exchange controls could have a material adverse effect on the Bank's business, financial condition and results of operations and thereby affect the Bank's ability to perform its obligations in respect of any Notes issued under the Programme.

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

This unrest has ranged from public demonstrations to, in extreme cases, armed conflict (for example, the multinational conflict in Syria and Iraq with Islamic State (also known as Daesh, ISIS or ISIL)) and has given rise to increased political uncertainty across the region. Further, the UAE, along with other Arab states, is currently participating in the Saudi Arabian led intervention in Yemen which began in 2015 in response to requests for assistance from the Yemeni government against the Al Houthi militia. The UAE is also a member of another Saudi Arabian led coalition formed in December 2015 to combat Islamic extremism and, in particular, Islamic State. Additionally, in June 2017 a number of MENA countries including the UAE, the Kingdom of Saudi Arabia, the Kingdom of Bahrain and the Arab Republic of Egypt severed diplomatic relations with the State of Qatar, citing Qatar's alleged support for terrorism and accusing Qatar of creating instability in the region. The termination of diplomatic relations included the withdrawal of ambassadors and imposing trade and travel bans.

The Bank has operations in Qatar where it has a single branch and Sudan where it has two branches. In Libya, the Bank has a 50:50 investment in First Gulf Libyan Bank, with the Economic and Social Development Fund of Libya.

These situations have caused significant disruption to the economies of affected countries and have had a destabilising effect on international oil and gas prices. Though the effects of the uncertainty have been varied, it is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact of such occurrences, and no assurance can be given that the UAE would be able to sustain its current economic growth levels if adverse political events or circumstances were to occur. Continued instability affecting the countries in the MENA region could adversely impact the UAE although to date there has been no significant impact on the UAE.

Any of the foregoing circumstances could have a material adverse effect on the political and economic stability of the Middle East and, in particular, could impact the numbers of tourists that choose to visit the UAE and the number of businesses interested in doing business in the UAE and, consequently, could have an adverse effect on the Bank's business, results of operations, financial condition and prospects, and thereby affect the Bank's ability to perform its obligations in respect of any Notes.

Neither the Government nor the UAE federal government is under any obligation to continue to invest in or otherwise engage in business with the Bank and either or both may alter their respective relationships with the Bank at any time and for any reason

As at the date of this Offering Memorandum, approximately 37 per cent. of the issued and outstanding ordinary shares of the Bank were held by the Government of Abu Dhabi (through the wholly-owned Abu Dhabi Investment Council ("**ADIC**") and Mubadala Development Company PJSC ("**Mubadala**")). The Government was instrumental in the founding of each of NBAD and FGB and in supporting the Merger, with each of NBAD and FGB maintaining very strong working relationships with the Government of Abu

Dhabi and Government-related entities. For example, during the period between 2008 and 2009, the Government (through its purchase of Tier I notes issued by each of NBAD and FGB) provided a total of AED 4.0 billion in Tier I capital to each of NBAD and FGB. Despite the Government's and the UAE federal government's past investments in and deposits with the Bank and its predecessor entities and funding support, neither the Government nor the UAE federal government are under any obligation to continue to invest in, make deposits with, do business with or otherwise support the Bank. The Government and the UAE federal government may, whether directly or through government-owned entities, at any time and for any reason, dispose of its investments in, withdraw its deposits from, cease to do business with or otherwise cease to support the Bank. The reduction or elimination of government support could have a material adverse effect on the Bank's business, results of operations, financial condition and prospects.

The interests of the Bank's largest shareholder may conflict with the commercial interests of the Bank, which may also conflict with the interests of the Noteholders

By virtue of the Government's ownership interest in the Bank's share capital, the Government has the ability to block actions or resolutions proposed at the Bank's annual or extraordinary general meetings. Accordingly, the Government could prevent the Bank from pursuing transactions, making dividend payments or other distributions or payments to shareholders or undertaking other actions, which may be contrary to the commercial interests of the Bank. Such actions could have a material adverse effect on the Bank's business, results or operations, financial condition and prospects.

Neither the Notes nor the Bank's obligations in respect of the Transaction Documents will be guaranteed by the Government or by any third party

As discussed above, the Government, through ADIC and Mubadala, holds approximately 37 per cent. of the Bank's share capital as at the date of this Offering Memorandum. Like any other shareholder, the Government has no legal obligation to provide additional funding for any of the Bank's future operations. The Government is not providing a guarantee in respect of the Certificates or any of the Bank's obligations in respect of any Notes to be issued under the Programme, nor is the Government under any obligation to purchase any of the Bank's liabilities or guarantee any of the Bank's obligations, and Noteholders therefore do not benefit from any legally enforceable claim against the Government.

The competitive environment in the UAE banking industry may adversely affect the Bank's business and results of operations

The Bank faces competition within the UAE for all of its products and services. The Bank competes primarily with a large number of other domestic banks in the UAE, some of which are also owned, directly or indirectly, by the governments of the relevant Emirates, government-related entities or members of the ruling families of the relevant Emirates. As at 30 September 2017, there were a total of 48 banks registered in the UAE (source: the UAE Central Bank). The Bank's main domestic competitors in terms of size of banking franchise and product and customer segments are Emirates NBD, Standard Chartered Bank, HSBC, Mashreqbank, Dubai Islamic Bank and Abu Dhabi Islamic Bank. In the UAE market, as at 30 September 2017, and according to the Interim Financial Statements and the publically available financial statements of the Bank's main domestic competitors for the nine months ended 30 September 2017, the Bank is the largest bank in the UAE by total assets. There can be no assurance that the Bank will be able to maintain its current market share in the future.

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

Further, the UAE could be viewed as an over-banked market, even by regional standards, with 48 different banks (comprising 22 locally incorporated banks and 26 foreign banks) licensed to operate inside the UAE as at 30 September 2017 (excluding the Dubai International Financial Centre (the "DIFC")) (source: the UAE Central Bank), serving a population estimated to be in the region of approximately 9.3 million people at the end of 2016 (source: Statistical Yearbook 2016 edition, United

Nations Department of Economic and Social Affairs, Statistics Division). There has traditionally been little impetus for consolidation. However, the Merger is anticipated to stimulate further moves towards greater consolidation amongst UAE banks. While any such attempts at further consolidation would reduce the level of concentration in the domestic banking sector, they would also likely lead to a significant alteration of the competitive environment with fewer, larger locally incorporated banks competing for the larger financing transactions in the region with the foreign banks, which have tended to have comparatively larger franchises, with greater infrastructure and resources with which to absorb capital costs, such as information technology system development. (see "*The United Arab Emirates Banking Sector and Regulations – Characteristics of the Banking System – Lack of Consolidation*").

If the Bank is unable to compete successfully, it could adversely impact the Bank's business, results of operations, financial condition and prospects.

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

The Bank has a long-term foreign currency issuer default rating of AA- with stable outlook from Fitch, a long-term bank deposits rating of Aa3 with stable outlook from Moody's and an issuer rating of AA- with stable outlook from S&P. These ratings, which are intended to measure the Bank's ability to meet its debt obligations as they mature, are an important factor in determining the Bank's cost of borrowing funds.

There is no assurance that the ratings will remain in effect for any given period of time or that the ratings will not be lowered or withdrawn entirely if circumstances in the future so warrant. A downgrade of the Bank's credit ratings, or a negative change in their outlook, may:

- limit the Bank's ability to raise funding;
- increase the Bank's cost of borrowing; and
- limit the Bank's ability to raise capital,

each of which could adversely affect its business, financial condition and results of operations. Moreover, actual or anticipated changes in the Bank's credit rating may affect the market value of the Notes.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Ratings may not reflect the potential impact of all risks related to structure, market, the risk factors discussed in this section and others that may affect the value of the Notes.

Any alteration to, or abolition of, the foreign exchange "peg" of the UAE dirham or other regional currencies at a fixed exchange rate to the U.S. dollar will expose the Bank to U.S. dollar foreign exchange movements against the UAE dirham or other such currencies

The Bank maintains its accounts, and reports its results, in UAE dirham. The UAE dirham has been pegged to the U.S. dollar since 22 November 1980 and remains pegged as at the date of this Offering Memorandum. Additionally, the following oil producing GCC countries have their currencies pegged to the U.S. dollar as at the date of this Offering Memorandum: the Kingdom of Saudi Arabia; the Sultanate of Oman; and the Kingdom of Bahrain. In response to the volatility of oil prices internationally through 2015, oil producing countries with currencies that had been traditionally pegged to the U.S. dollar, faced pressure to de-peg and, in certain cases, did de-peg their currencies. For example, Kazakhstan de-pegged the Kazakhstani tenge from the U.S. dollar on 20 August 2015, which was followed on 21 December 2015 by the removal of the U.S. dollar peg against the Azerbaijani manat.

There is a risk that additional countries may choose to unwind their existing currency peg to the U.S. dollar, both in the GCC and the wider region. While the long-term impacts of such actions are uncertain, it is likely that any such de-pegged currency would face a de-valuation against the U.S. dollar immediately post-removal of the peg. Given the levels of exposure amongst regional financial institutions to other pegged currencies, it is also likely that such currency de-valuation(s) would pose a systemic risk to the regional banking systems in the UAE and across the wider GCC, thereby impacting the open cross-currency positions held by regional banks, including the Bank.

While the UAE Central Bank has, as recently as June 2016, re-iterated its intention to retain the UAE dirham peg against the U.S. dollar, there can be no assurance that the UAE dirham will not be de-pegged in the future or that the existing peg will not be adjusted in a manner that adversely affects the Bank's result of operations and financial condition. Additionally, any such de-pegging either in the UAE or across the wider region, particularly if such de-pegging is accompanied by the anticipated currency devaluations against the U.S. dollar (as described above), could have an adverse effect on the Bank's business, results of operations, financial condition and prospects, and thereby affect the Bank's ability to perform its obligations in respect of any Notes issued under the Programme.

Tax changes in the UAE may have an adverse effect on the Bank

As at the date of this Offering Memorandum, the Bank is not currently subject to corporation tax on its earnings within the UAE and the UAE does not impose VAT on the sale of goods and services. However, investors should be aware that the GCC states, including the UAE, have agreed to the implementation of a GCC-wide VAT framework, to be introduced at a rate of 5 per cent. VAT on goods and services with effect from 1 January 2018.

The GCC-wide framework agreement for VAT is yet to be made available. However, the UAE national legislation implementing this framework agreement was published on 23 August 2017 (UAE Federal Decree Law No. 8 of 2017) and, on 28 November 2017, the Ministry of Finance published accompanying VAT implementing regulations.

It is possible that, once VAT is introduced in the UAE, the Bank's costs would increase and its future profitability could be negatively affected.

The implementation of VAT and/or any future corporation tax regime which may be introduced in the UAE may have a material adverse effect on the Bank's business, results of operations and financial condition, which in turn could affect the Bank's ability to perform its obligations in respect of any Notes issued under the Programme.

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

Risks related to the market generally

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

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

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

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

Exchange rate risks and exchange controls

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

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

Interest rate risks

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

Credit ratings may not reflect all risks

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

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out in the "*Description of the Bank*" section of this Offering Memorandum.

Risks related to the Notes generally

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

The Notes are complex financial instruments

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

- (a) they may lose all or a substantial portion of their principal or investment, depending on the performance of each Relevant Underlying as applicable;
- (b) the market price of such Notes may be very volatile;
- (c) investors in Notes may receive no interest;

- (d) payments, including payment of principal or interest, if applicable, may occur at a different time or in a different currency than expected;
- (e) a Relevant Underlying may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (f) if a Relevant Underlying is applied to the Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Underlying on amounts (including principal or interest) payable on such Notes is likely to be magnified; and
- (g) the timing of changes in a Relevant Underlying may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Underlying, the greater the effect on yield.

The Notes may not be a suitable investment

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should ensure that they:

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

None of the Issuer, the Calculation Agent, the Arranger or any Dealer has given or will give a Noteholder, in relation to any of the Notes (either directly or indirectly) any assurance or guarantee as to the merits, performance or suitability of such Notes, and you should be aware that each of them is acting as an arm's-length counterparty and not as an advisor or fiduciary.

Independent review and advice

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

Representations and acknowledgments by Noteholders

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

- (a) neither the Issuer and/or any Affiliate nor any of their agents is acting as a fiduciary for it or provides investment, tax, accounting, legal or other advice in respect of the Notes and that such holder and its advisors are not relying on any communication (written or oral and including, without limitation, opinions of third party advisors) of the Issuer as (a) legal, regulatory, tax, business, investment, financial, accounting or other advice, (b) a recommendation to invest in any Notes or (c) an assurance or guarantee as to the expected results of an investment in the Notes (it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered to be any such advice, recommendation, assurance or guarantee and should be independently confirmed by the recipient and its advisors prior to making any such investment);
- (b) such Noteholder (a) has consulted with its own legal, regulatory, tax, business, investments, financial and accounting advisors to the extent that it has deemed necessary, and has made its own investment, hedging, and trading decisions based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuer or any of their agents and (b) is acquiring Notes with a full understanding of the terms, conditions and risks thereof and it is capable of and willing to assume those risks; and
- (c) the Issuer and/or any Affiliates may have banking or other commercial relationships with issuers of any securities to which the Notes relate and may engage in proprietary trading in any equity securities, indices or other property to which the Notes relate or options, futures, derivatives or other instruments relating thereto (including such trading as the Issuer deem appropriate in their sole discretion to hedge the market risk on the Notes and other transactions between the Issuer and any third parties), and that such trading (a) may affect the price or level thereof and consequently the amounts payable under the Notes and (b) may be effected at any time.

The Notes are not ordinary debt securities

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

Certain considerations regarding the use of the Notes as hedging instruments

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

Meetings of Noteholders

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

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

Whilst the Notes are in global form and held within Euroclear Bank SA/NV or Clearstream Banking, *société anonyme* (together the "ICSDs"), in all but the most remote circumstances, it is not expected that the reporting regime and potential withholding tax imposed by Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has made payment to, or to the order of the common depository for the ICSDs (as bearer or registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an "**IGA**") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

Dividend Equivalent Amounts

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

Change of law

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

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

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

The London Inter-Bank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other indices which are deemed "benchmarks" are the subject of recent national, international and other regulatory guidance and reform. Some of these reforms are already effective whilst others are yet to apply. 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. For example, on 27 July 2017, the FCA announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Any such consequence could have a material adverse effect on any Notes linked to a "benchmark".

Key international proposals for reform of "benchmarks" include IOSCO's Principles for Financial Market Benchmarks (July 2013) (the "**IOSCO Benchmark Principles**") and Regulation (EU) 2016/1011 published in the Official Journal of the EU on 29 June 2016 on indices used as "benchmarks" in certain financial instruments and financial contracts or to measure the performance of investment funds (the "**EU Benchmark Regulation**").

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

The EU Benchmarks Regulation entered into force on 30 June 2016 and the majority of its provisions apply from 1 January 2018. The EU Benchmarks Regulation applies to "administrators" of, "contributors" to, and "users" of "benchmarks" in the EU. Among other things, the EU Benchmarks Regulation: (i) requires EU benchmark administrators to be authorised or registered by a national regulator (unless an exemption applies); (ii) provides that in order to be used by supervised entities in the EU, a non-EU benchmark must be qualified for use in the EU under the third-country regime (through equivalence, recognition or endorsement) and comply with extensive requirements in relation to the administration of the non-EU benchmark; and (iii) bans the use by "supervised entities" of: (a) EU "benchmarks" whose administrators are not authorised or registered; and (b) non-EU "benchmarks" that are not qualified for use in the EU under the third-country regime.

The scope of the EU Benchmarks Regulation is wide and, in addition to so-called "critical benchmarks" such as LIBOR and EURIBOR, could also potentially apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including "proprietary" indices or strategies) which are referenced in certain financial instruments (including securities or OTC derivatives traded on an EU regulated market, EU multilateral trading facility (MTF), EU organised trading facility (OTF) or via a "systematic internaliser"), certain financial contracts and investment funds. Different types and categories of "benchmark" are subject to more or less stringent requirements, and in particular a lighter touch regime may apply where a "benchmark" is not based on interest rates or commodities and the value of financial instruments, financial contracts or investment funds referring to a benchmark is less than €50bn, subject to further conditions.

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

- a rate or index which is a "benchmark" could not be used as such if its administrator does not obtain authorisation/registration or is not able to rely on one of the regimes available to non-EU benchmarks. In such event, depending on the particular "benchmark" and the applicable terms of the Notes, the Notes could be de-listed, adjusted, redeemed or otherwise impacted; and
- the methodology or other terms of the "benchmark" could be changed in order to comply with the terms of the EU Benchmarks 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, depending on the particular "benchmark" and the applicable terms of the Notes, could lead to adjustments to the terms of the Notes, including Calculation Agent determination of the rate or level in its discretion.

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

linked to such "benchmark". Any such consequence could have a material adverse effect on the value of and return on any such Notes.

Notes subject to optional redemption by the Issuer

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

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

Notes where denominations involve integral multiples: definitive Notes

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

Settlement risk

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

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

Effect of the liquidity of the Relevant Underlying on Note pricing

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

Provision of information

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

Disclosure

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

Actions taken by the Calculation Agent may affect the Relevant Underlying

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

Potential conflicts of interest between the investor and the Calculation Agent

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

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

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

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

Valuation of the Relevant Underlying.

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

Conditions of the Notes will allow the Calculation Agent to make adjustments or take any other appropriate action if circumstances occur where the Notes or any exchanges or price sources are affected by market disruption, adjustment events or circumstances affecting normal activities.

Volatility

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

Dividend Rates and other Distributions

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

Interest Rates

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

Remaining Term

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

Creditworthiness

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

Exchange Rates

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

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

Inverse Floating Rate Notes

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

Fixed/Floating Rate Notes

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

Notes issued at a substantial discount or premium

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

Risk of leveraged exposure

Leverage involves the use of a number of financial techniques to increase the exposure to a Relevant Underlying, and can therefore magnify both returns and losses. While the use of leverage allows for potential multiples of a return (assuming a return is achieved) when the underlying Relevant Underlying moves in the anticipated direction, it will conversely magnify losses when the underlying Relevant Underlying moves against expectations. If the relevant Notes include leverage, potential holders of such Notes should note that these Notes will involve a higher level of risk, and that whenever there are losses such losses may be higher than those of a similar security which is not leveraged. Noteholders should therefore only invest in leveraged Notes if they fully understand the effects of leverage and are willing to risk the potential losses that might arise as a consequence of an investment in such leveraged Note.

Emerging Market Risks

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

- *Political risk:* The relative instability of political systems of emerging markets jurisdictions may leave them more vulnerable to public unrest and instability. Such circumstances, in turn, could lead to a reversal of some or all economic or political reform including such policies as confiscatory taxation, exchange controls or expropriation of foreign-owned assets without adequate compensation. Any such policies could have an adverse effect on the value of the Relevant Underlying(s) and, in turn, the relevant Notes.
- *Economic risk:* Businesses and governments of emerging markets jurisdictions may be relatively inexperienced in dealing with difficult market conditions (such as the on-going global recession) and may have a limited capital base from which to borrow funds. In addition, an emerging markets jurisdiction may lack a developed banking sector and its financial institutions may not be adequately regulated. These factors, among other economic issues, could affect the functioning of the economy and have a corresponding adverse effect on the performance of the Relevant Underlying(s) and, in turn, the relevant Notes.
- *Currency risk:* Relevant Underlying(s) or Notes denominated in the currencies of emerging markets jurisdictions may be subject to greater volatility and possibly the suspension of the ability to exchange or transfer currency, or the devaluation of the currency. See "*Foreign Exchange Risks related to the Notes*" below.
- *Market risk:* The financial systems and markets of emerging markets jurisdictions may lack the level of transparency and liquidity found in more developed markets. As a result, such markets may suffer from extreme price volatility, price discrepancies and lack of liquidity. Any such circumstances or events may have an adverse effect on the performance of the Relevant Underlying(s) and, in turn, the relevant Notes.
- *Regulatory/Legal risk:* In emerging markets jurisdictions there may be less government regulation of business and industry practices, stock exchanges, over-the-counter markets and market participants than in more developed countries. Legislation to safeguard the rights of private ownership and to prevent stock market manipulation may not be fully developed and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary application or interpretation and may be subject to change with retroactive effect. The holder of a Relevant Underlying of an emerging markets jurisdiction may not be able to pursue legal remedies in the courts of such jurisdictions. Any such circumstances or events may have an adverse effect on the performance of the Relevant Underlying(s) and, in turn, the relevant Notes.

Risks relating to Credit Linked Notes

General risks relating to Credit Linked Notes

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

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

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

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

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

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

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

Credit Events

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

- *Bankruptcy* – the Reference Entity becomes bankrupt;
- *Failure to Pay* – subject to a minimum threshold amount, the Reference Entity fails to pay any amounts due on any of its borrowings (including its bonds or loans) or, where applicable, guarantees (which, for the purposes of these risk factors, includes guarantees and insurance pursuant to a guarantee);
- *Obligation Acceleration* – the Reference Entity defaults on a minimum amount of its borrowings (including its bonds or loans) or, where applicable, guarantees and as a result such obligations are accelerated;
- *Obligation Default* – the Reference Entity defaults on a minimum amount of its borrowings (including its bonds or loans) or, where applicable, guarantees and as a result such obligations are capable of being accelerated;
- *Repudiation/Moratorium* – (i) the Reference Entity repudiates or rejects, in whole or in part, its obligations in relation to its borrowings or, where applicable, its guarantees, or it declares or imposes a moratorium with respect to its borrowings or, where applicable, guarantees and (ii) thereafter within a certain period it fails to pay any amounts due on any of its borrowings (including its bonds or loans) or, where applicable, its guarantees, or it restructures any of its borrowings or, where applicable, guarantees in such a way as to affect a creditor adversely;
- *Restructuring* – following a deterioration of the Reference Entity's creditworthiness, any of its borrowings or, where applicable, guarantees, subject to a minimum threshold amount of such

borrowings or, where applicable, guarantees, are restructured in such a way as to affect a creditor adversely (such as a reduction or postponement of the interest or principal payable on a bond or loan); and

- *Governmental Intervention* – any of the Reference Entity's borrowings or, where applicable, guarantees are restructured in such a way as to adversely affect a creditor (such as a reduction or postponement of the interest or principal payable on a bond or loan), are expropriated or amended in such a way that the beneficial holder is changed or are mandatorily cancelled, converted or exchanged or any similar event occurs with respect thereto, in each case as a result of Governmental Authority action or announcement pursuant to or by means of a restructuring and resolution law or regulation (or similar).

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

Amendment of Credit Linked Conditions in accordance with market convention

The Calculation Agent may from time to time amend any provision of the Credit Linked Conditions:

- (i) to incorporate and/or reflect further or alternative documents or protocols from time to time published by ISDA with respect to the documentation, trading or settlement of credit derivative transactions and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees; and/or
- (ii) in any manner which the Calculation Agent determines in a commercially reasonable manner is necessary or desirable to reflect or account for market practice for credit derivative transactions and/or reflect the Hedge Transactions of the Issuer or any of its Affiliates.

Hedging Disruption

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

Physical Settlement Matrix and 2014 ISDA Credit Derivatives Definitions

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

This Offering Memorandum contains Credit Linked Conditions with terms based on the 2014 ISDA Credit Derivatives Definitions (the "**2014 ISDA Definitions**"). The Issuer has determined that certain

provisions of the 2014 ISDA Definitions, which are intended for use by market participants in "over the counter" transactions, require amendment when incorporated in the terms of an offering of securities such as the Notes. The terms and conditions of the Notes also afford the Calculation Agent and the Issuer (as applicable) discretion in respect of determining certain terms that differs in substance in comparison to corresponding terms contemplated in the 2014 ISDA Definitions, including, without limitation, the date on which an Event Determination Date or Valuation Date will fall (which may be determined, *inter alia*, by reference to the hedging arrangements). Therefore, a prospective investor should understand that the 2014 ISDA Definitions are not incorporated by reference herein or in the Credit Linked Conditions. Consequently, investing in Credit Linked Notes is not necessarily equivalent to investing in a credit default swap that incorporates the 2014 ISDA Definitions and the Credit Derivatives Physical Settlement Matrix.

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

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

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

Extension of Maturity Date

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

Early Redemption upon Merger Event

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

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

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

Credit Derivatives Determinations Committees and ISDA Auctions

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

made by those Credit Derivatives Determinations Committees (unless the Calculation Agent determines inappropriate).

Certain other determinations under the Credit Linked Notes, including without limitation determinations with respect to Successors and Substitute Reference Obligations, may also follow determinations and/or approvals of the relevant Credit Derivatives Determinations Committee (unless the Calculation Agent determines inappropriate).

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

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

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

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

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

Disapplication of DC Resolution

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

Risks relating to Auction Settlement of Credit Linked Notes

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

according to an auction procedure set out in the applicable Transaction Auction Settlement Terms, a form of which will be published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and may be amended from time to time. The Auction Final Price determined pursuant to an auction may be less than the market value that would otherwise have been determined in respect of the relevant Reference Obligation. The Issuer and the Noteholders may have little or no influence in the outcome of any such auction.

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

If Credit Linked Notes are redeemed or cancelled, as applicable, following the occurrence of a Credit Event, the amount payable in respect of the Notes may be determined by reference to the Auction Final Price determined according to an auction procedure set out in the applicable Transaction Auction Settlement Terms. There is a possibility that the Issuer or the Calculation Agent (or one of their Affiliates) would act as a participating bidder in any such auction. In such capacity, it may take certain actions which may influence the Auction Final Price including (without limitation):

- (a) providing rates of conversion to determine the applicable currency conversion rates to be used to convert any obligations which are not denominated in the auction currency into such currency for the purposes of the auction; and
- (b) submitting bids, offers and physical settlement requests with respect to the relevant Deliverable Obligations. In deciding whether to take any such action (or whether to act as a participating bidder in any auction), the Issuer or the Calculation Agent (or any Affiliate of any of them) shall be under no obligation to consider the interests of any Noteholder.

Physically Settled Credit Linked Notes

Where the Notes provide for physical delivery or where Auction Settlement is the applicable Settlement Method and physical delivery is the applicable Fallback Settlement Method (each as specified in the applicable Pricing Supplement), the Issuer may determine that the Deliverable Obligations are either (a) assets which for any reason (including, without limitation, failure of the relevant clearance system or due to any law, regulation, court order, contractual restrictions, statutory restrictions or market conditions but excluding the non-receipt of any requisite consents with respect to the delivery of assets which are loans or non-delivery of an Asset Transfer Notice or any information by a Noteholder) it is impossible or illegal to deliver on the Credit Settlement Date ("**Undeliverable Obligations**"), or (b) assets which the Issuer and/or any affiliate and/or agent has not received under the terms of any underlying or related asset(s), transaction(s) and/or trading position(s) or arrangements entered into by the Issuer and/or such Affiliate and/or agent (including, if applicable, on a portfolio basis) to hedge, directly or indirectly and whether in whole or in part, the credit or other price risk or funding of the Issuer in issuing and performing its obligations in respect of the Notes ("**Hedge Disruption Obligations**"). Any such determination may delay settlement in respect of the Notes and/or cause the obligation to deliver such specified assets to be replaced by an obligation to pay a cash amount, which, in either case, may affect the value of the Notes and, in the case of payment of a cash amount, will affect the timing of the valuation of such Notes and, as a result, the amount of principal payable on redemption. Prospective purchasers should carefully review the Conditions of the Notes and the applicable Pricing Supplement to ascertain whether and how such provisions should apply to the Notes.

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

No Investigation or Due Diligence of Reference Entities

No investigation, due diligence or other enquiries have been made by the Issuer, the Calculation Agent, any Dealer or any other related person in respect of any Reference Entity (including its existing or future creditworthiness) or any Reference Obligation, Obligation, Deliverable Obligation or other obligations of the Reference Entity (as applicable). No representations, warranties or undertakings whatsoever have been or will be made by the Issuer, the Calculation Agent, any Dealer or any other related person in respect of the Reference Entity (including its existing or future creditworthiness) or any Reference Obligation, Obligation, Deliverable Obligation or other obligations of the Reference Entity (as applicable). Prospective investors in Credit Linked Notes should make their own evaluation as to the creditworthiness of each Reference Entity and the likelihood of the occurrence of a Credit Event.

Sovereign Reference Entities

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

No Claim against any Reference Entity and no voting rights

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

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

Risks associated with Equity Linked Notes

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

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

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

No claim against the Share Issuer or recourse to the Shares

Equity Linked Notes do not represent a claim against or an investment in any Share Issuer and a Noteholder will not have any right of recourse under the Notes to any such company or any Shares. As Noteholders, investors will not have voting rights or rights to receive dividends, interest or other distributions, as applicable, or any other rights with respect to any underlying security or index. The Notes are not in any way sponsored, endorsed or promoted by any Share Issuer and no Share Issuer has any obligation to take into account the consequences of their actions on Noteholders. Accordingly, the

issuer of a Share may take any actions in respect of such Share without regard to the interests of Noteholders, and any of these actions could adversely affect the market value of the Notes.

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

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

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

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

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

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

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

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

Upon determining that an Additional Disruption Event has occurred in relation to an underlying Share or Share Issuer, the Calculation Agent has discretionary authority under the terms and conditions of the

Notes to make certain determinations to account for such event including to (i) make adjustments to the terms of the Notes and/or (ii) cause early redemption of the Notes, any of which determinations may have an adverse effect on the value of the Notes.

Noteholders may receive physical settlement of Shares in lieu of payment of cash amounts

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

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

Risks associated with depositary receipts as Relevant Underlying

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

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

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

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

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

Potential exposure to risks of emerging markets

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

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

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

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

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

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

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

Risks associated with Indices as Relevant Underlying

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

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

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

Exposure to the risk that returns on the Notes do not reflect direct investment in underlying shares or other assets comprising the Index

The return payable on Notes that reference Indices may not be the same as the return an investor would realise if such investor actually owned the relevant assets comprising the components of the Index. For example, if the components of the Indices are shares, Noteholders will not receive any dividends paid on those shares and will not participate in the return on those dividends, save where the relevant Index takes such dividends into account for purposes of calculating the relevant level. Similarly, Noteholders will not have any voting rights in the underlying shares or any other assets which may comprise the components of the relevant Index. Accordingly, investors may receive a lower return on Notes linked to Indices than they would have received if they had invested in the components of such Indices directly.

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

The rules governing the composition and calculation of the relevant underlying Index might stipulate that dividends distributed on its components are not included in the calculation of the index level, which may result in a decrease in the index level if all other circumstances remain the same. In such cases the Noteholders will not participate in dividends or other distributions paid on the components comprising the Index. Even if the rules of the relevant underlying Index provide that distributed dividends or other

distributions of the components are reinvested in the Index, in some circumstances the dividends or other distributions may not be fully reinvested in such Index.

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

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

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

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

Foreign Exchange Risks related to the Notes

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

General Exchange Rate and Exchange Control Risks

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

Exchange Rates Will Affect the Investor's Investment

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

The Issuer Has No Control Over Exchange Rates

Currency exchange rates can either float or be fixed. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to each other. However, from time to time governments may use a variety of techniques, such as intervention by a country's central bank, the imposition of regulatory controls or taxes, or changes in interest rate to influence the exchange rates of their currencies.

Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by a devaluation or revaluation of a currency. These governmental actions could change or interfere with currency valuations and currency fluctuations that would otherwise occur in response to economic forces, as well as in response to the movement of currencies across borders.

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

The Issuer will not make any adjustment or change in the terms of the Notes in the event that exchange rates should become fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes, or in the event of other developments affecting any currency. The investor will bear those risks.

Some Currencies May Become Unavailable

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

Currency Exchange Information may be provided in the Pricing Supplement

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

FX Disruption Events and Additional Disruption Events

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

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

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

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

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

Risks relating to Notes denominated in Renminbi

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

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

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

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

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

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

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

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

Investment in Renminbi Notes is subject to exchange rate risks

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

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

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

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

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

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

The following documents shall be incorporated in, and form part of, this Offering Memorandum:

1. the unaudited condensed consolidated interim financial statements of the Bank as at and for the nine months ended 30 September 2017 and the review report thereon;
2. the auditors' report and audited consolidated financial statements of National Bank of Abu Dhabi P.J.S.C. ("**NBAD**") as at and for the financial year ended 31 December 2016;
3. the auditors' report and audited consolidated financial statements of NBAD as at and for the financial year ended 31 December 2015;
4. the auditors' report and audited consolidated financial statements of First Gulf Bank P.J.S.C. ("**FGB**") for the year ended 31 December 2016; and
5. the auditors' report and audited consolidated financial statements of FGB for the year ended 31 December 2015.

Copies of the documents incorporated by reference in this Offering Memorandum can be obtained from the specified offices of the Fiscal Agent, for the time being in London. In addition, copies of such documents will be available on the website of the Bank (www.nbad.com) and on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

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

TERMS AND CONDITIONS OF THE NOTES

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

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

The Notes are issued pursuant to an agency agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 9 January 2018 between the Issuer, The Bank of New York Mellon, London Branch as fiscal agent and the other agents named in it and with the benefit of a deed of covenant (as amended or supplemented as at the Issue Date, the "**Deed of Covenant**") dated 9 January 2018 executed by the Issuer in relation to the Notes. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent), the "**Registrar**", the "**Transfer Agents**" and the "**Calculation Agent(s)**". The Noteholders (as defined below), the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where such Notes have more than 27 interest payments remaining, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

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

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

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

1. **FORM, DENOMINATION AND TITLE**

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

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

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

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

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

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

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

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

(a) **Exchange of Exchangeable Bearer Notes**

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

(b) **Transfer of Registered Notes**

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

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

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

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

(d) **Delivery of New Certificates**

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

(e) **Exchange Free of Charge**

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

(f) **Closed Periods**

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

3. **STATUS OF THE NOTES**

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

4. **INTEREST AND OTHER CALCULATIONS**

(a) **Interest on Fixed Rate Notes**

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

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

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

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

(i) ***Interest Payment Dates***

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

(ii) ***Business Day Convention***

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

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

(iii) ***Rate of Interest***

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

(A) ***ISDA Determination for Floating Rate Notes***

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

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

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

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

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

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

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

time in the case of EIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (y) If the Relevant Screen Page is not available or if, subparagraph (x)(i) applies and no such offered quotation appears on the Relevant Screen Page or if subparagraph (x)(ii) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is EIBOR, the principal Abu Dhabi or Dubai office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is EIBOR, at approximately 11.00 a.m. (Abu Dhabi time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.
- (z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is EIBOR, at approximately 11.00 a.m. (Abu Dhabi time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or, if the Reference Rate is EIBOR, the United Arab Emirates inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference

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

(c) **Zero Coupon Notes**

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

(d) **Accrual of Interest**

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

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

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**unit**" means the lowest

amount of such currency that is available as legal tender in the country of such currency.

(f) **Calculations**

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

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

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

(h) **Definitions**

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

"**Business Day**" means:

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30;

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

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

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

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

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

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

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

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

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

"Interest Period Date" means each Interest Payment Date;

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

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

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

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

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

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

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

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

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

(i) **Linear Interpolation**

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

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

(j) **Calculation Agent**

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

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

5. REDEMPTION, PURCHASE AND OPTIONS

(a) Final Redemption

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

(b) Early Redemption

(i) Zero Coupon Notes

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

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

(ii) **Other Notes**

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

(c) **Redemption for Illegality Reasons**

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

(d) **Redemption for Taxation Reasons**

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

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

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

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

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

(f) **Redemption at the Option of Noteholders**

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

(g) **Purchases**

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

(h) **Cancellation**

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

6. **PAYMENTS AND TALONS**

(a) **Bearer Notes**

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

(b) **Registered Notes**

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

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

(c) **Payments in the United States**

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

(d) **Payments Subject to Fiscal Laws**

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

(e) **Appointment of Agents**

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

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

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

(f) **Unmatured Coupons and unexchanged Talons**

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

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

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

(g) **Talons**

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

(h) **Non-Business Days**

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

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

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

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

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

(i) **RMB Currency Event**

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

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

For the purpose of this Condition:

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

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

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

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

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

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

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

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

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

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

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

(j) **RMB account**

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

7. **TAXATION**

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

8. **PHYSICAL SETTLEMENT**

(a) **Delivery Notice**

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

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

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

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

(c) **Settlement Disruption**

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

(d) **Delivery Disruption**

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

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

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

(e) **Additional Definitions**

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

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

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

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

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

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

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

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

9. **PRESCRIPTION**

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

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

10. **EVENTS OF DEFAULT**

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

(a) **Non-Payment**

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

(b) **Winding up or Dissolution**

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

(c) **Liquidation proceedings etc.**

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

(d) **Consent to Proceedings**

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

11. **MEETING OF NOTEHOLDERS AND MODIFICATIONS**

(a) **Meetings of Noteholders**

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

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

(b) **Modification of Agency Agreement**

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

(c) **Modification of Notes and Agency Agreement**

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

(d) **Notification of Modifications**

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

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

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

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

13. **FURTHER ISSUES**

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

14. **NOTICES**

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

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

15. **CURRENCY INDEMNITY**

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

16. **REPRESENTATIONS AND ACKNOWLEDGEMENTS BY NOTEHOLDERS**

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

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

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

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

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

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

18. **GOVERNING LAW AND DISPUTE RESOLUTION**

(a) **Governing Law**

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

(b) **Agreement to Arbitrate**

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

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

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

(c) **Option to Litigate**

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

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

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

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

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

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

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

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

(e) **Service of Process**

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

ANNEX 1
CREDIT LINKED CONDITIONS

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

1. **General**

(a) ***Credit Terms***

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

(b) ***Portfolio CLNs***

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

2. **Redemption**

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

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

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

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

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

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

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

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

Where the Notes are Nth-to-Default CLNs and an Event Determination Date occurs with respect to more than one Reference Entity on the same day, the Calculation Agent shall determine in its sole discretion the order in which the Event Determination Date occurred.

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

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

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

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

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

If the Calculation Agent determines that an Additional Credit Linked Note Disruption Event has occurred, the Issuer may redeem the Notes by giving notice to Noteholders in accordance with General Condition 14 (*Notices*). If the Notes are so redeemed, the Issuer will pay an amount to each Noteholder in respect of each Note equal to the outstanding principal amount of such Credit Linked Note, *less* such Noteholder's *pro rata* share of the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 14 (*Notices*).

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

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

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

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

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

3. **Interest**

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

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

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

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

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

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

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

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

4. **Physical Settlement**

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

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

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

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

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

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

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

If:

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

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

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

(iii) *Partial Cash Settlement of Assignable Loans*

If:

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

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

(iv) *Partial Cash Settlement of Participation*

If:

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

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

(c) *Non-Delivery of Deliverable Obligations*

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

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

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

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

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

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

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

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

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

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

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

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

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

(h) ***Delivery:***

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

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

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

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

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

Note is in definitive form, the relevant Noteholder must deliver (i) if such Note is a Bearer Note, to any Paying Agent or (ii) if such Note is a Registered Note, to the Registrar or any Paying Agent, in each case with a copy to the Issuer, not later than the close of business in each place of reception on the Cut Off Date, a duly completed Asset Transfer Notice (as defined below).

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

An Asset Transfer Notice must:

- (A) specify the Series of the Notes and the number of Notes held by the Noteholder to which such Asset Transfer Notice relates;
- (B) specify the name and address of the relevant Noteholder, the person from whom the Issuer may obtain details for the delivery of the Asset Amount and any details required for delivery of the Asset Amount set out in the applicable Pricing Supplement;
- (C) include an undertaking to pay all Delivery Expenses and, in the case of Notes represented by a Global Note, an authority to the relevant Clearing System to debit a specified account of the Noteholder with the relevant Clearing System in respect thereof and to pay such Delivery Expenses;
- (D) in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject of such notice and the number of the Noteholder's account at the relevant Clearing System to be debited with such Notes and irrevocably instruct and authorise the relevant Clearing System to debit the relevant Noteholder's account with such Notes on the date on which the Asset Amount has been Delivered to the relevant Noteholder;
- (E) specify an account to which any cash amount payable pursuant to Credit Linked Condition 4(b) or any other cash amounts specified in the applicable Pricing Supplement as being payable are to be paid;
- (F) include such details as are required for Delivery of the Asset Amount which may include account details and/or the name and address of any person(s) into whose name evidence of the Asset Amount is to be registered and/or any bank, broker or agent to whom documents evidencing the Asset Amount are to be Delivered and specify the name and number of the Noteholder's account to be credited with any cash payable by the Issuer;
- (G) certify that the beneficial owner of each Note is not a U.S. person (as defined in the Asset Transfer Notice), the Note is not being redeemed within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof; and
- (H) authorise the production of such notice in any applicable administrative or legal proceedings.

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

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

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

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

(iii) *Delivery*

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made, in the case of Notes represented by a Global Note, by the relevant Clearing System or, in the case of Notes in definitive form, by the relevant Paying Agent or the Registrar, as the case may be, or in each case in consultation with the Relevant Paying Agent, and shall be conclusive and binding on the Issuer, each Paying Agent and the relevant Noteholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or which is not copied to a Paying Agent immediately after being delivered or sent as provided in sub-paragraph (i) above, shall be null and void.

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

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

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

After delivery of the Asset Amount(s) and for the Intervening Period, none of the Issuer, the Calculation Agent and any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities or obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations or (iii) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations.

(iv) *Asset Package Delivery*

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

If Asset Package Delivery applies, (i) Delivery of a Prior Deliverable Obligation or a Package Observable Bond specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, may be satisfied by Delivery of the related Asset Package, and such Asset Package shall be treated as having the same currency, Outstanding Principal Balance or Due and Payable Amount, as applicable, as the Prior Deliverable Obligation or Package Observable Bond to which it corresponds had immediately prior to the Asset Package Credit Event, (ii) each Asset in the Asset Package shall be Delivered **provided that** if any such Asset is not a Bond, it shall be treated as if it were a Loan for these purposes, (iii) if the Asset Package is zero, the Outstanding Amount of the Prior Deliverable Obligation or Package Observable Bond shall be deemed to have been Delivered in full three Business Days following the date on which the Issuer has notified Noteholders and the Calculation Agent of the detailed description of the Asset Package that it intends to Deliver in the Notice of Physical Settlement, (iv) the Issuer may satisfy its obligation to make Delivery of the Prior Deliverable Obligation or Package Observable Bond in part by Delivery of each Asset in the Asset Package in the correct proportion and (v) if the relevant Asset is a Non-Transferable Instrument or Non-Financial Instrument, the Asset shall be deemed to be an amount of cash equal to the Asset Market Value.

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

(a) ***Obligation Characteristics***

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

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

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

- (iv) If more than one of "Assignable Loan," "Consent Required Loan" and "Direct Loan Participation" are specified as Deliverable Obligation Characteristics in the applicable Pricing Supplement, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.
- (v) For purposes of the application of the Deliverable Obligation Characteristic "Maximum Maturity", remaining maturity shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the remaining maturity shall be zero.
- (vi) If "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the applicable Pricing Supplement, if an obligation would otherwise satisfy a particular Obligation Characteristic or Deliverable Obligation Characteristic, the existence of any terms in the relevant obligation in effect at the time of making the determination which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, shall not cause such obligation to fail to satisfy such Obligation Characteristic or Deliverable Obligation Characteristic.
- (vii) For the purposes of determining the applicability of Deliverable Obligation Characteristics and the requirements specified in Credit Linked Condition 7(b) (*Mod R*) and Credit Linked Condition 7(c) (*Mod Mod R*) to a Prior Deliverable Obligation or a Package Observable Bond, any such determination shall be made by reference to the terms of the relevant obligation in effect immediately prior to the Asset Package Credit Event; and
- (viii) If "Subordinated European Insurance Terms" is specified as applicable in the applicable Pricing Supplement, if an obligation would otherwise satisfy the "Maximum Maturity" Deliverable Obligation Characteristic, the existence of any Solvency Capital Provisions in such obligation shall not cause it to fail to satisfy such Deliverable Obligation Characteristic.

(c) ***Guarantees***

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

- (i) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Relevant Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
- (ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Relevant Guarantee and the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or Deliverable Obligation Characteristics, if any, specified in the applicable Pricing Supplement from the following list: "Not Subordinated", "Specified Currency", "Not Sovereign Lender", "Not Domestic Currency" and "Not Domestic Law".
- (iii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Pricing Supplement from the following list: "Listed", "Not Domestic Issuance", "Assignable Loan", "Consent Required Loan", "Direct Loan Participation", "Transferable", "Maximum Maturity", "Accelerated" or "Matured" and "Not Bearer".
- (iv) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.

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

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

With respect to a Credit Linked Note for which:

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

6. **Succession**

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

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

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

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

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

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

Where the Notes are Nth-to-Default CLNs:

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

(c) ***Portfolio CLNs***

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

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

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

If "Merger Event" is specified as applicable in the applicable Pricing Supplement, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Issuer may give notice to the Noteholders in accordance with General Condition 14 (*Notices*) and redeem all but not some only of the Credit Linked Notes on the Merger Event Redemption Date by payment of an amount to each Noteholder in respect of each Credit Linked Note equal to the outstanding principal amount of such Credit Linked Note, *less* such Noteholder's *pro rata* share of the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion.

7. **Restructuring Credit Event**

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

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

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

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

In the case of an Nth-to-Default CLN, once an Event Determination Date has occurred in respect of the Nth Reference Entity where the Credit Event is a Restructuring Credit Event, no further Credit Event Notices may be delivered in respect of any other Reference Entity (save to the extent that the Credit Linked Notes are deemed to have been divided into new Credit Linked Notes pursuant to Credit Linked Condition 6). In the case of a Portfolio CLN, the fact that a M(M)R Restructuring has occurred in respect of a Reference Entity shall not preclude delivery of a Credit Event Notice in respect of any other Reference Entity.

If any Credit Linked Note is subject to partial redemption in accordance with this Credit Linked Condition 7, the relevant Credit Linked Note or, if the Credit Linked Notes are represented by a Global Note, such Global Note shall be endorsed to reflect such partial redemption.

(b) **Mod R**

In respect of any Reference Entity for which Restructuring is an applicable Credit Event, if "Mod R" is specified in the applicable Pricing Supplement, and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may only be specified in a Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, only if it:

- (i) is a Fully Transferable Obligation; and
- (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date,

in each case, as of both the NOPS Effective Date and the Delivery Date.

(c) **Mod Mod R**

In respect of any Reference Entity for which Restructuring is an applicable Credit Event, if "Mod Mod R" is specified in the applicable Pricing Supplement, and Restructuring is the only Credit Event specified in a Credit Event Notice, then, unless the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may only be specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, only if it:

- (i) is a Conditionally Transferable Obligation; and
- (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date,

in each case, as of both the NOPS Effective Date and the Delivery Date.

Notwithstanding the foregoing, for purposes of the above, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10. **Miscellaneous Provisions**

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

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

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

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

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

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

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

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

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

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

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

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

(f) ***Excess Amounts***

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

(g) ***Timing***

Subject to the provisions relating to timing in Credit Linked Condition (d) and the definition of "Failure to Pay", in order to determine the day on which an event occurs for purposes of the Credit Derivatives Definitions, the demarcation of days shall be made by reference to Greenwich Mean Time (or, if the Transaction Type of a Reference Entity relates to Japan, Tokyo time), irrespective of the time zone in which such event occurred. Any event occurring at midnight shall be deemed to have occurred immediately prior to midnight.

11. **Definitions**

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

"Accelerated or Matured" means an obligation under which the principal amount owed, whether by reason of maturity, acceleration, termination or otherwise, is due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws.

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

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

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

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

provided that:

- (I) either:
 - (A) in the event that there is an Underlying Loan with respect to such LPN, the Underlying Loan satisfies the Obligation Characteristics specified in respect of the Reference Entity; or

- (B) in the event that there is an Underlying Finance Instrument with respect to such LPN the Underlying Finance Instrument satisfies the Not Subordinated, Not Domestic Law and Not Domestic Currency Obligation Characteristics;
- (II) the LPN satisfies the following Deliverable Obligation Characteristics: Transferable, Not Bearer, Specified Currencies – Standard Specified Currencies, Not Domestic Law, Not Domestic Issuance; and
- (III) the LPN Issuer has, as of the issue date of such obligation, granted a First Ranking Interest over or in respect of certain of its rights in relation to the relevant Underlying Loan or Underlying Finance Instrument (as applicable) for the benefit of holders of the LPNs.

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

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

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

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

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

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

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

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

"**Asset**" means each obligation, equity, amount of cash, security, fee (including any "early-bird" or other consent fee), right and/or other asset, whether tangible or otherwise and whether issued, incurred, paid or provided by the Reference Entity or a third party (or any value which was realized or capable of being realized in circumstances where the right and/or other asset no longer exists).

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

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

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

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

"**Asset Market Value**" means the market value of an Asset, as the Calculation Agent shall determine by reference to an appropriate specialist valuation or in accordance with the methodology determined by the Credit Derivatives Determinations Committee or in any other commercially reasonable manner selected by the Calculation Agent.

"**Asset Package**" means, in respect of an Asset Package Credit Event, all of the Assets in the proportion received or retained by a Relevant Holder in connection with such relevant Asset Package Credit Event (which may include the Prior Deliverable Obligation or Package

Observable Bond, as the case may be). If the Relevant Holder is offered a choice of Assets or a choice of combinations of Assets, the Asset Package will be the Largest Asset Package. If the Relevant Holder is offered, receives and retains nothing, the Asset Package shall be deemed to be zero.

"Asset Package Credit Event" means:

- (a) if "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the applicable Pricing Supplement:
 - (i) a Governmental Intervention; or
 - (ii) a Restructuring in respect of the Reference Obligation, if "Restructuring" is specified as applicable in the applicable Pricing Supplement and such Restructuring does not constitute a Governmental Intervention; and
- (b) if the Reference Entity is a Sovereign and "Restructuring" is specified in the applicable Pricing Supplement as being applicable, a Restructuring,

in each case, whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement.

"Asset Transfer Notice" means, in respect of a Credit Linked Note to which Physical Settlement applies, a notice (in a form acceptable to the Issuer) from the Noteholder of such Credit Linked Note relating to the Delivery of the relevant Asset Amount, which notice must be delivered to the applicable entities in accordance with the requirements described in, and must include the information set out in sub-paragraphs (A) to (H) of Credit Linked Condition 4(h) (*Delivery*) above.

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

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

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

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

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

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

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

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

where:

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

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

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

"**Auction Settlement Date**" means:

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

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

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

"Bond" means any obligation of a type included in the **"Borrowed Money"** Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money.

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

"Borrowed Money" means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit).

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

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

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

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

where:

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

"B" means the Final Price; and

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

"Cash Settlement Date" means:

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

"Change in Law" means that, on or after the Issue Date (as specified in the applicable Pricing Supplement) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law, solvency or capital requirements), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority or financial authority), or the combined effect thereof if occurring more than once, the Issuer determines in its sole and absolute discretion that:

- (a) it is unable to perform its obligations in respect of the Notes or it has become illegal to hold, acquire or dispose of any relevant hedge positions in respect of the Notes; or
- (b) it or any of its Affiliates would incur a materially increased cost (including, without limitation, in respect of any tax, solvency or capital requirements) in maintaining the Notes in issue or in holding, acquiring or disposing of any relevant hedge positions of the Notes.

"CLN Business Day" means (a)(i) a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the applicable Pricing Supplement, and/or (ii) a TARGET Settlement Day (if **"TARGET Settlement Day"** is specified in the applicable Pricing Supplement), or (b) if a place or places or such terms are not so specified, (i) if the Notes are denominated in the euro, a TARGET Settlement Day, or (ii) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the currency of denomination of the Notes.

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

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

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

"CLN Maturity Date" means either:

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

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

"Conditionally Transferable Obligation" means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified

Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, in each case, as of both the NOPS Effective Date and the Delivery Date, **provided, however, that** a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if the Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of "**Conditionally Transferable Obligation**".

"**Conforming Reference Obligation**" means a Reference Obligation which is a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of "**Deliverable Obligation**".

"**Consent Required Loan**" means a Loan that is capable of being assigned or novated with the consent of the Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent, and, if specified as applicable to a Deliverable Obligation Category, the Consent Required Loan Deliverable Obligation Characteristic shall be applicable only in respect of obligations within the Deliverable Obligation Category that are Loans.

"**Credit Derivatives Auction Settlement Terms**" means any Credit Derivatives Auction Settlement Terms published by ISDA, a form of which will be published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and may be amended from time to time.

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

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

"**Credit Event**" means the occurrence of one or more of Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium, Restructuring, Governmental Intervention or Additional Credit Event as specified with respect to a Reference Entity in the applicable Pricing Supplement. If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (a) any lack or alleged lack of authority or capacity of the Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

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

"Credit Event Backstop Date" means:

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

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

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

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

"Credit Event Resolution Request Date" means, with respect to a DC Credit Event Question, the date as publicly announced by the DC Secretary that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which:

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

"Currency Amount" means with respect to:

- (a) a Deliverable Obligation specified in a Notice of Physical Settlement that is denominated in a currency other than the Settlement Currency, an amount converted to the Settlement Currency using a conversion rate determined by reference to the Currency Rate; and

- (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, an amount converted to the Settlement Currency (or, if applicable, back into the Settlement Currency) using a conversion rate determined by reference to the Currency Rate, if any, and each Revised Currency Rate used to convert each Replaced Deliverable Obligation Outstanding Amount specified in each NOPS Amendment Notice with respect to that portion of the Reference Entity Notional Amount into the currency of denomination of the relevant Replacement Deliverable Obligation.

"Currency Rate" means with respect to:

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

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

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

"DC Announcement Coverage Cut-off Date" means, with respect to a DC Credit Event Announcement, the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is fourteen calendar days following the No Auction Announcement Date, if any, as applicable.

"DC Credit Event Announcement" means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event for purposes of certain credit derivative transactions has occurred with respect to the Reference Entity, and the Calculation Agent determines that (a) such DC Resolution is an Applicable Resolution relevant to the Notes and (b) such event occurred on or after the relevant Credit Event Backstop Date and on or prior to the Extension Date, **provided that** if the Credit Event occurred after the Scheduled Maturity Date, the DC Credit Event Announcement must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

"DC Credit Event Meeting Announcement" means, with respect to the Reference Entity, a public announcement by the DC Secretary that a Credit Derivatives Determinations Committee will be convened to Resolve the matters described in a DC Credit Event Question.

"DC Credit Event Question" means a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve whether an event that constitutes a Credit Event has occurred.

"DC Credit Event Question Dismissal" means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in a DC Credit Event Question.

"DC No Credit Event Announcement" means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations

Committee has Resolved that an event that is the subject of a DC Credit Event Question does not constitute a Credit Event for purposes of the certain credit derivatives transactions with respect to such Reference Entity (or an Obligation thereof) and the Calculation Agent determines that such DC Resolution is an Applicable Resolution relevant to the Notes.

"DC Resolution" means a resolution made by a relevant Credit Derivatives Determinations Committee or, if the context requires, the meaning given to that term in the DC Rules.

"DC Rules" means the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

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

"Default Requirement" means the amount specified as such in the applicable Pricing Supplement or its equivalent in the relevant Obligation Currency (or, if no such amount is specified, USD 10,000,000 or its equivalent in the relevant Obligation Currency) in either case, as of the occurrence of the relevant Credit Event.

"Deliver" means to deliver, novate, transfer (including, in the case of a Guarantee, transfer of the benefit of the Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title (or, with respect to Deliverable Obligations where only equitable title is customarily conveyed, all equitable title) and interest in the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, to the Noteholders free and clear of any and all liens, charges, claims or encumbrances (excluding any liens routinely imposed on all securities in a relevant clearance system, but including, without limitation, any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in sub-paragraphs (a) to (d) of the definition of "Credit Event" or right of set-off by or of the Reference Entity or any applicable Underlying Obligor); **provided that** (i) if a Deliverable Obligation is a Direct Loan Participation, "Deliver" means to create (or procure the creation of) a participation in favour of the Noteholders and (ii) if a Deliverable Obligation is a Guarantee, "Deliver" means to Deliver both the Underlying Obligation and the Guarantee, **provided further that** if the Guarantee has a Fixed Cap, (A) "Deliver" means to Deliver the Underlying Obligation, the Guarantee and all claims to any amounts which are subject to such Fixed Cap and (B) those claims shall be deemed to be Deliverable Obligations for purposes of any physical settlement. "Delivery" and "Delivered" will be construed accordingly.

In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time. Notwithstanding the previous sentence, in the case of a Loan, the Issuer and each Noteholder agrees to comply, for the purposes of the settlement of the Credit Linked Notes with the provisions of any documentation (which term shall be deemed to include any market advisory that the relevant Credit Derivatives Determinations Committee Resolves to approve for such purpose) that the relevant Credit Derivatives Determinations Committee Resolves constitutes documentation customarily used in the relevant market for Delivery of such Loan at that time, as such documentation may be amended to the extent the relevant Credit Derivatives Determinations Committee Resolves is appropriate, which is consistent with the delivery and payment obligations of the parties hereunder. The Issuer agrees, and each Noteholder is deemed to further agree, that compliance by the Issuer with the provisions of any such documentation shall be required for, and, without further action, constitute, Delivery for the purposes of this definition (to the extent that such documentation contains provisions describing how Delivery should be effected) and neither the Issuer nor any Noteholder shall be permitted to request that any party take nor shall the Issuer or any Noteholder be required to take, any action or make any payment in connection with such Delivery, as applicable, unless otherwise contemplated by such documentation.

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

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

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

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

"Deliverable Obligation Characteristics" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer as specified in relation to a Reference Entity.

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

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

"Delivery Date" means, with respect to a Deliverable Obligation or an Asset Package, the date on which such Deliverable Obligation is Delivered (or deemed Delivered, as applicable).

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

"Direct Loan Participation" means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Noteholder that provides each Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each Noteholder and either:

- (a) the Issuer (to the extent that the Issuer or is then a lender or member of the relevant lending syndicate); or
- (b) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate).

"Domestic Currency" means the currency specified as such in the Pricing Supplement and any successor currency thereto (or if no such currency is specified, the lawful currency and any successor currency of:

- (a) the Reference Entity, if the Reference Entity is a Sovereign; or
- (b) the jurisdiction in which the Reference Entity is organized, if the Reference Entity is not a Sovereign.

"Domestic Law" means each of the laws of (a) the Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organized, if such Reference Entity is not a Sovereign.

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

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

"Eligible Information" means information which is publicly available or which can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

"Eligible Transferee" means each of the following:

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

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

- (b) an Affiliate of an entity specified in (a) above;
- (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
 - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that:
 - (A) has total assets of at least U.S.\$100 million; or
 - (B) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least U.S.\$100 million; or

- (ii) that has total assets of at least U.S.\$500 million; or
 - (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support, or other agreement by an entity described in (a), (b), (c)(ii) or (d) hereof; and
- (d)
- (i) any Sovereign; or
 - (ii) any entity or organization established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development,

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

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

- (a) Auction Settlement is the applicable Settlement Method:
 - (i) subject to sub-paragraph (a)(ii) below, the Notice Delivery Date, if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, **provided that** neither (A) a DC Credit Event Announcement has occurred nor (B) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or
 - (ii) notwithstanding sub-paragraph (a)(i) above, the Credit Event Resolution Request Date (in respect of an Applicable Request as determined by the Calculation Agent), if a DC Credit Event Announcement has occurred, the Credit Event Resolution Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) and either:
 - (A)
 - (1) the Credit Event is not an M(M)R Restructuring; and
 - (2) the Trade Date occurs on or prior to the DC Announcement Coverage Cut-off Date; or
 - (B)
 - (1) the Credit Event is an M(M)R Restructuring; and
 - (2) a Credit Event Notice is delivered by the Calculation Agent to the Issuer and is effective on or prior to the Exercise Cut-off Date; or
- (b) sub-paragraph (a) above does not apply, the Non-Standard Credit Event Determination Date,

provided that:

- (A) no Physical Settlement Date, Cash Settlement Date or CLN Maturity Date has occurred on or prior to the date on which the DC Credit Event Meeting Announcement occurs;
- (B) if any Valuation Date or Delivery Date, as applicable, has occurred on or prior to the date on which the DC Credit Event Meeting Announcement occurs, an Event Determination Date shall be deemed to have occurred only with respect to the portion of

the outstanding principal amount of each Note, if any, with respect to which no Valuation Date or Delivery Date, as applicable, has occurred; and

- (C) no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered by the Calculation Agent to the Issuer, (I) unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, (II) unless, and to the extent that, the Exercise Amount specified in such Credit Event Notice was less than the outstanding relevant Reference Entity Notional Amount, or (III) unless the Auction is an Applicable Auction with respect to the Notes and the Deliverable Obligations set out on the Final List are identical to the Permissible Deliverable Obligations for such Auction, as determined by the Calculation Agent.

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

"Excluded Deliverable Obligation" means:

- (a) any obligation of the Reference Entity specified as such or of a type specified in the applicable Pricing Supplement;
- (b) any principal only component of a Bond from which some or all of the interest components have been stripped; and
- (c) if Asset Package Delivery is applicable, any obligation issued or incurred on or after the date of the relevant Asset Package Credit Event.

"Excluded Obligation" means:

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

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

"Exercise Cut-off Date" means either:

- (a) with respect to an M(M)R Restructuring and the Notes to which sub-paragraph (a) of the definition of "Event Determination Date" applies:
- (i) if the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is five Relevant City Business Days following the date on which such Final List is published; or
- (ii) otherwise, the date that is 14 calendar days following the relevant No Auction Announcement Date; or
- (b) with respect to a Credit Event and the Notes to which sub-paragraph (a) of the definition of "Event Determination Date" does not apply, the Non-Standard Exercise Cut-off Date,

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

"Extension Date" means the latest of:

- (a) the Scheduled Maturity Date;
- (b) the Grace Period Extension Date if:
 - (i) Failure to Pay is an applicable Credit Event in relation to any Reference Entity;
 - (ii) Grace Period Extension is specified as applicable in relation to such Reference Entity; and
 - (iii) the Issuer delivers an Extension Notice;
- (c) the Repudiation/Moratorium Evaluation Date if:
 - (i) Repudiation/Moratorium is an applicable Credit Event in relation to any Reference Entity; and
 - (ii) the Issuer delivers an Extension Notice.

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

"Failure to Pay" means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure. If a payment is not made by the Reference Entity on its due date or, as the case may be, on the final day of the relevant Grace Period, then such failure to make a payment shall be deemed to have occurred on such day prior to midnight Greenwich Mean Time (or, if the Transaction Type of the Reference Entity relates to Japan, Tokyo time), irrespective of the time zone of its place of payment.

If an occurrence that would constitute a Failure to Pay (a) is a result of a redenomination that occurs as a result of action taken by a Governmental Authority which is of general application in the jurisdiction of such Governmental Authority and (b) a freely available market rate of conversion existed at the time of the redenomination, then such occurrence will be deemed not to constitute a Failure to Pay unless the redenomination itself constituted a reduction in the rate or amount of interest, principal or premium payable (as determined by reference to such freely available market rate of conversion) at the time of such redenomination.

"Fallback Settlement Event" means:

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

- (e) an Event Determination Date was determined pursuant to sub-paragraph (b)(ii)(B)(II)(y) of the definition of "Non-Standard Event Determination Date",

in each case as determined by the Calculation Agent.

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

"Final Delivery Date" means:

- (a) in the case of a Capped Reference Entity, the 60th CLN Business Day following the Physical Settlement Date (the "**60th CLN Settlement Date**"), **provided that** if, under the terms of a Hedge Transaction, the Original Bonds and Original Loans, may not be received by the Issuer and/or any of its Affiliates on or before the 60th CLN Settlement Date but the Issuer and/or any of its Affiliates may, in accordance with the terms of the Hedge Transaction, receive or otherwise obtain such Original Bonds or such Original Loans or other Bonds or Loans in lieu thereof on or before the date falling three CLN Business Days (in a case where Original Bonds may be received or otherwise obtained after the Final Delivery Date) or ten CLN Business Days (in a case where Original Loans or other Loans or Bonds in lieu thereof may be received or otherwise obtained after the Final Delivery Date) after the 60th CLN Settlement Date, such date may be further extended to a date falling up to three CLN Business Days or ten CLN Business Days, respectively, after the original 60th CLN Settlement Date, or to such earlier date as the Calculation Agent may determine, in its absolute discretion; and
- (b) in the case of a Non-Capped Reference Entity, such date as the Calculation Agent may determine in its absolute discretion, **provided that** such date falls no later than the 120th CLN Business Day following the Physical Settlement Date or, in the absence of such determination, such 120th CLN Business Day.

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

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

"Final Price" means the price of the Reference Obligation(s) or Undeliverable Asset, as the case may be, expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount, as applicable, determined in accordance with the Valuation Method specified in the applicable Pricing Supplement or, if no Valuation Method is specified in the Pricing Supplement, the Valuation Method set out in the definition of "Valuation Method".

"First Ranking Interest" means an Interest which is expressed as being "first ranking", "first priority", or similar ("First Ranking") in the document creating such Interest (notwithstanding that such Interest may not be First Ranking under any insolvency laws of any relevant insolvency jurisdiction of the LPN Issuer).

"Fixed Cap" means, with respect to a Guarantee, a specified numerical limit or cap on the liability of the Reference Entity in respect of some or all payments due under the Underlying Obligation, **provided that** a Fixed Cap shall exclude a limit or cap determined by reference to a formula with one or more variable inputs (and for these purposes, the outstanding principal or other amounts payable pursuant to the Underlying Obligation shall not be considered to be variable inputs).

"Full Quotation" means, in accordance with the Quotation Method, each firm quotation obtained from a CLN Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation or, as the case may be, Undeliverable Asset with an Outstanding Principal Balance or Due and Payable Amount equal to the Quotation Amount.

"Fully Transferable Obligation" means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds,

in each case, as of both the NOPS Effective Date and the Delivery Date. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of "**Fully Transferable Obligation**".

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

"**Governmental Authority**" means:

- (a) any de facto or de jure government (or any agency, instrumentality, ministry or department thereof);
- (b) any court, tribunal, administrative or other governmental, inter-governmental or supranational body;
- (c) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including a central bank) of the Reference Entity or some or of all of its obligations; or
- (d) any other authority which is analogous to any of the entities specified in sub-paragraphs (a) to (c) above.

"**Governmental Intervention**" means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs as a result of action taken or an announcement made by a Governmental Authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulation), in each case, applicable to the Reference Entity in a form which is binding, irrespective of whether such event is expressly provided for under the terms of such Obligation:

- (a) any event which would affect creditors' **rights so as to cause:**
 - (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
 - (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
 - (iii) a postponement or other deferral of a date or dates for either (I) the payment or accrual of interest, or (II) the payment of principal or premium; or
 - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation;
- (b) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Obligation;
- (c) a mandatory cancellation, conversion or exchange;
- (d) if "CoCo Provisions" is specified as applicable in the applicable Pricing Supplement, the operation of one or more CoCo Provisions results in (i) a permanent or temporary reduction of the amount of principal payable at redemption or (ii) a conversion of principal into shares or another instrument; or
- (e) any event which has an analogous effect to any of the events specified in sub-paragraphs (a) to (d) above.

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

"Grace Period" means:

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

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

"Grace Period Extension Date" means, if:

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

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

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

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

"Hedging Disruption" means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) or any futures or options contract(s) it deems necessary to hedge its exposure with respect to the Notes, or (B) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s) or any futures or options contract(s) or any relevant hedge positions relating to the Notes.

"Increased Cost of Hedging" means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the

creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

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

"Interest" means, for the purposes of the definition of "First Ranking Interest", a charge, security interest or other type of interest having similar effect.

"Intervening Period" means such period of time as any person other than the relevant Noteholder shall continue to be registered as the legal owner of any securities or other obligations comprising the Asset Amount.

"ISDA" means the International Swaps and Derivatives Association, Inc. (or any successor thereto).

"Largest Asset Package" means, in respect of a Prior Deliverable Obligation or a Package Observable Bond, as the case may be, the package of Assets for which the greatest amount of principal has been or will be exchanged or converted (including by way of amendment), as determined by the Calculation Agent by reference to Eligible Information. If, in the sole determination of the Calculation Agent, this cannot be reasonably determined, the Largest Asset Package will be the package of Assets with the highest immediately realizable value, determined by the Calculation Agent in accordance with the methodology, if any, determined by the relevant Credit Derivatives Determinations Committee.

"Latest Maturity Restructured Bond or Loan" has the meaning given to it in the definition of Restructuring Maturity Limitation Date.

"Latest Permissible Physical Settlement Date" means, in respect of partial cash settlement due to a Potential Cash Settlement Event, 30 calendar days following the Physical Settlement Date and, in respect of Partial Cash Settlement (as specified in the applicable Pricing Supplement) in respect of a Deliverable Obligation comprised of Loans, the date that is 15 CLN Business Days after the Physical Settlement Date (or, where "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" applies, the Modified Restructuring Maturity Limitation Date).

"Legacy Reference Entity" has the meaning given to such term in Credit Linked Condition 6(b)(iii)(B) above.

"Limitation Date" means, in respect of a Credit Event that is a Restructuring, the first of March 20, June 20, September 20 or December 20 in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the "**2.5-year Limitation Date**"), 5 years (the "**5-year Limitation Date**"), 7.5 years, 10 years (the "**10-year Limitation Date**"), 12.5 years, 15 years or 20 years (the "**20-year Limitation Date**"), as applicable. Limitation Dates shall not be subject to adjustment unless otherwise provided in the applicable Pricing Supplement. Limitation Dates shall not be subject to adjustment in accordance with any CLN Business Day Convention unless otherwise provided in the applicable Pricing Supplement.

"Listed" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange and, if specified as applicable to an Obligation Category, the Listed Obligation Characteristic shall be applicable only in respect of obligations within that Obligation Category that are Bonds or, if specified as applicable to a Deliverable Obligation Category, the Listing Deliverable Obligation Characteristics shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Bonds.

"Loan" means any obligation of a type included in the Borrowed Money Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money.

"London Business Day" means a day on which commercial banks and foreign exchange markets are generally open to settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

"LPN" means any bond issued in the form of a loan participation note.

"LPN Issuer" means, in respect of any LPN, the entity which issued the relevant LPN.

"LPN Reference Obligation" means each Reference Obligation other than any Additional Obligation which is issued for the sole purpose of providing funds to the LPN Issuer to finance an Underlying Loan. For the avoidance of doubt, any change to the issuer of an LPN Reference Obligation in accordance with its terms shall not prevent such LPN Reference Obligation from constituting a Reference Obligation.

"Market Value" means, with respect to a Reference Obligation on a Valuation Date:

- (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;
- (d) if fewer than two Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject to sub-paragraph (b) of the definition of **"Quotation"**, an amount that the Calculation Agent shall determine on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and
- (f) if two or more Full Quotations or a Weighted Average Quotation are not obtained on or prior to the tenth Business Day following the applicable Valuation Date the Market Value shall be any Full Quotation obtained from a CLN at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from CLN Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

and, with respect to an Undeliverable Asset, on a Valuation Date, means (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if Indicative Quotations are specified as applying in the applicable Pricing Supplement and exactly three Indicative Quotations are obtained, the Indicative Quotation remaining after disregarding the highest and

lowest Indicative Quotations (and, if more than one such Indicative Quotations have the same highest or lowest value, then one of such highest or lowest Indicative Quotations shall be disregarded); (vi) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) then, subject to sub-paragraph (c) of the definition of "Quotation", an amount that the Calculation Agent shall determine on the next Business Day on which at least two Full Quotations or a Weighted Average Quotation or, if applicable, three Indicative Quotations are obtained; and (vii) if fewer than two Full Quotations are obtained, no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) on the same Business Day on or prior to the tenth Business Day following the Valuation Date, the Market Value shall be any Full Quotation obtained from a CLN Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Asset, obtained from CLN Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.

"Maximum Maturity" means an obligation that has a remaining maturity of not greater than the period specified in the applicable Pricing Supplement (or if no such period is specified, thirty years).

"Merger Event" means that at any time during the period from (and including) the Trade Date to (but excluding) the Scheduled Maturity Date the Issuer or a Reference Entity consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, the Issuer or a Reference Entity or the Issuer and a Reference Entity become Affiliates.

"Merger Event Redemption Date" means the date specified as such in the applicable Pricing Supplement.

"Minimum Quotation Amount" means the amount specified as such in the applicable Pricing Supplement (or its equivalent in the relevant Obligation Currency) or, if no such amount is so specified, the lower of:

- (a) U.S.\$1,000,000 (or its equivalent in the relevant Obligation Currency); and
- (b) the Quotation Amount.

"M(M)R Restructuring" means a Restructuring Credit Event in respect of which either "Mod R" or "Mod Mod R" is specified as applicable in the applicable Pricing Supplement.

"Modified Eligible Transferee" means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

"Modified Restructuring Maturity Limitation Date" means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date. Subject to the foregoing, if the Scheduled Maturity Date is later than the 10-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

"Movement Option" means the option of the Issuer to apply the Parallel Auction Settlement Terms, if any, to the Credit Linked Notes, for purposes of settlement. The Issuer will determine which Parallel Auction Settlement Terms, if any, apply with respect to the Credit Linked Notes.

"Movement Option Cut-Off Date" means the date which is one Relevant City Business Day following the Exercise Cut-off Date, or such other date as the relevant Credit Derivatives Determinations Committee has Resolved.

"Multiple Holder Obligation" means an Obligation that:

- (a) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other; and
- (b) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event, **provided that** any Obligation that is a Bond shall be deemed to satisfy this requirement.

"N" or **"Nth"** means, where the applicable Pricing Supplement specify that "Nth-to-Default CLN" is applicable, such number as may be specified in such Pricing Supplement.

"Next Currency Fixing Time" means 4.00 p.m. (London time) on the London Business Day immediately following the date on which the Notice of Physical Settlement or relevant NOPs Amendment Notice, as applicable, is effective.

"No Auction Announcement Date" means, with respect to a Credit Event, the date on which the Calculation Agent determines that the DC Secretary first publicly announces that:

- (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published;
- (b) following the occurrence of an M(M)R Restructuring, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published; or
- (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by the DC Secretary to the contrary, in circumstances where either (i) no Parallel Auction will be held, or (ii) one or more Parallel Auctions will be held, and the Calculation Agent determines that such Resolution is an Applicable Resolution and no Applicable Auction will be held.

"Non-Capped Reference Entity" means a Reference Entity which is not a Capped Reference Entity.

"Non-Conforming Reference Obligation" means a Reference Obligation which is not a Conforming Reference Obligation.

"Non-Conforming Substitute Reference Obligation" means an obligation which would be a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of "Deliverable Obligation" on the Substitution Date but for one or more of the same reasons which resulted in the Reference Obligation constituting a Non-Conforming Reference Obligation on the date it was issued or incurred and/or immediately prior to the Substitution Event Date (as applicable).

"Non-Financial Instrument" means any Asset which is not of the type typically traded in, or suitable for being traded in, financial markets.

"Non-Standard Event Determination Date" means with respect to a Credit Event and the Notes:

- (a) subject to sub-paragraph (b) below, the Notice Delivery Date, if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, **provided that** neither (A) a DC Credit Event Announcement has occurred nor (B) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or

- (b) notwithstanding sub-paragraph (a) above, if a DC Credit Event Announcement has occurred and the Credit Event Resolution Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) either:
- (i) the Credit Event Resolution Request Date if either:
- (A)
- (I) Auction Settlement is not the applicable Settlement Method;
- (II) the relevant Credit Event is not an M(M)R Restructuring; and
- (III) the Trade Date occurs on or prior to the DC Credit Event Announcement; or
- (B)
- (I) either:
- (x) Auction Settlement is the applicable Settlement Method; or
- (y) the relevant Credit Event is an M(M)R Restructuring; and
- (II) a Credit Event Notice is delivered by the Calculation Agent to the Issuer and is effective on or prior to the Non-Standard Exercise Cut-off Date; or
- (ii) the first date on which a Credit Event Notice is delivered by the Calculation Agent to the Issuer and is effective during either the Notice Delivery Period or the period from and including the date of the DC Credit Event Announcement to and including the date that is fourteen calendar days thereafter (provided, in each case, that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)), if:
- (A)
- (I) Auction Settlement is not the applicable Settlement Method;
- (II) the relevant Credit Event is not an M(M)R Restructuring; and
- (III) the Trade Date occurs following the date of the related DC Credit Event Announcement and on or prior to the DC Announcement Coverage Cut-off Date; or
- (B)
- (I) the Trade Date occurs on or prior to a DC Announcement Coverage Cut-off Date; and
- (II) either:
- (x) Auction Settlement is not the applicable Settlement Method; or
- (y) Auction Settlement is the applicable Settlement Method and a Credit Event Notice is delivered by the Calculation Agent to the Issuer and is effective on a date that is later than the relevant Exercise Cut-off Date,

provided that:

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

"Non-Standard Exercise Cut-off Date" means with respect to a Credit Event and the Notes:

- (a) if such Credit Event is not an M(M)R Restructuring, either:
 - (i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;
 - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any;
 - (iii) the date that is 14 calendar days following the No Auction Announcement Date, if any,as applicable; or
- (b) if such Credit Event is an M(M)R Restructuring and:
 - (i) the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is seven Relevant City Business Days following the date on which such Final List is published;
 - (ii) otherwise, the date that is 14 calendar days following the relevant No Auction Announcement Date.

"Non-Standard Reference Obligation" means, in respect of a Reference Entity, the Original Non-Standard Reference Obligation specified for such Reference Entity or, if a Substitute Reference Obligation has been determined for such Original Non-Standard Reference Obligation, such Substitute Reference Obligation.

"Non-Transferable Instrument" means any Asset which is not capable of being transferred to institutional investors, excluding due to market conditions.

"NOPS Amendment Notice" means a notice from the Issuer to the Calculation Agent notifying it, that the Issuer is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such NOPS Amendment Notice is effective) or the detailed description(s) thereof.

"**NOPS Cut-off Date**" means, subject, where applicable, to Credit Linked Condition 2(c) (*Suspension of Obligations*):

- (a) subject to sub-paragraph (b) below, the later of:
 - (i) the thirtieth calendar day after the Event Determination Date; and
 - (ii) the tenth calendar day after either the date of the relevant DC Credit Event Announcement or of the relevant DC Credit Event Question Dismissal, if any (or, if the relevant Credit Event is an M(M)R Restructuring, the tenth calendar day after the Exercise Cut-off Date); or
- (b) if "Physical Settlement" is applicable pursuant to the Fallback Settlement Method in accordance with sub-paragraph (a) or (b) of the definition of "Fallback Settlement Event" and:
 - (i) the relevant Credit Event is not an M(M)R Restructuring, the later of:
 - (A) the date determined pursuant to sub-paragraph (a)(i) above; and
 - (B) the thirtieth calendar day after the Auction Cancellation Date or the No Auction Announcement Date occurring pursuant to sub-paragraphs (a) or (c)(i) of the definition of "No Auction Announcement Date", as applicable; or
 - (ii) the relevant Credit Event is an M(M)R Restructuring, the later of:
 - (A) the date determined pursuant to sub-paragraph (a)(i) above; and
 - (B) the thirtieth calendar day after:
 - (1) a No Auction Announcement Date occurring pursuant to sub-paragraph (a) of the definition of "No Auction Announcement Date", if any;
 - (2) a No Auction Announcement Date occurring pursuant to sub-paragraph (c)(i) of the definition of "No Auction Announcement Date", if any; or
 - (3) the Auction Cancellation Date, if any, as applicable; or
 - (4) the Movement Option Cut-Off Date, where either:
 - (aa) a No Auction Announcement Date occurs pursuant to sub-paragraph (b) of the definition of "No Auction Announcement Date" and the Credit Linked Notes have not been subject to exercise of the Movement Option; or
 - (bb) a No Auction Announcement Date occurs pursuant to sub-paragraph (c)(ii) of the definition of "No Auction Announcement Date" and the Credit Linked Notes have not been subject to exercise of the Movement Option,

provided that in the case of sub-paragraphs (a)(ii) and (b) above, the relevant Credit Event Resolution Request Date, if any, occurred on or prior to the date described in sub-paragraph (a)(i) above and further **provided that** the NOPS Cut-off Date may be adjusted by the Calculation Agent using its discretion in order to match any Hedge Transaction.

"**NOPS Effective Date**" means the date on which an effective Notice of Physical Settlement or NOPS Amendment Notice, as the case may be, is delivered by the Issuer.

"Not Bearer" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear, Clearstream, Luxembourg or any other internationally recognised clearing system and, if specified as applicable to a Deliverable Obligation Category, the Not Bearer Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Bonds.

"Not Domestic Currency" means any obligation that is payable in any currency other than the Domestic Currency, **provided that** a Standard Specified Currency shall not constitute a Domestic Currency.

"Not Domestic Issuance" means any obligation other than an obligation that was issued (or reissued, as the case may be), or intended to be offered for sale primarily in the domestic market of the Reference Entity. Any obligation that is registered or, as a result of some other action having been taken for such purpose, is qualified for sale outside the domestic market of the Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the Reference Entity) shall be deemed not to be issued (or reissued, as the case may be), or intended to be offered for sale primarily in the domestic market of the Reference Entity.

"Not Domestic Law" means any obligation that is not governed by the applicable Domestic Law, **provided that** the laws of England and the laws of the State of New York shall not constitute a Domestic Law.

"Not Sovereign Lender" means any obligation that is not primarily owed to (A) a Sovereign or (B) any entity or organization established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development, which shall include, without limitation, obligations generally referred to as "Paris Club debt".

"Not Subordinated" means an obligation that is not Subordinated to (I) the Reference Obligation or (II) the Prior Reference Obligation, if applicable.

"Notice Delivery Date" means the first date on which both an effective Credit Event Notice and, unless "Notice of Publicly Available Information" is specified as not applicable in the applicable Pricing Supplement, an effective Notice of Publicly Available Information, have been delivered by the Calculation Agent to the Issuer.

"Notice Delivery Period" means the period from and including the Trade Date to and including the date (the **"Notice Delivery End Date"**) that is 15 CLN Business Days (or such other number of days as may be specified in the applicable Pricing Supplement) after the Extension Date (or, in respect of an M(M)R Restructuring, the later of:

- (a) the Notice Delivery End Date; and
- (b) the date that is 65 CLN Business Days following the Final List Publication Date).

"Notice of Physical Settlement" means a notice from the Issuer to the Calculation Agent and Noteholders that (a) confirms that the Issuer intends to settle the Notes and requires performance in accordance with Credit Linked Condition 4 (*Physical Settlement*), (b) contains a detailed description of each Deliverable Obligation that Issuer intends to Deliver to Noteholders, including, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available or applicable, the rate and tenor) of each such Deliverable Obligation and (c) specifies the Outstanding Principal Balance or Due and Payable Amount, as applicable, or the equivalent amount in the Settlement Currency (in each case, the **"Outstanding Amount"**) and, if different, the face amount, of each such Deliverable Obligation and the aggregate Outstanding Amount of all Deliverable Obligations specified in the Notice of Physical Settlement that Issuer intends to Deliver to Noteholders (the **"Aggregate Outstanding Amount"**).

"Notice of Publicly Available Information" means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as

applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. The notice must contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applicable in the applicable Pricing Supplement and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information.

"Nth-to-Default CLN" means any First-to-Default CLN or any other nth-to-default Credit Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities, as specified in the applicable Pricing Supplement.

"Obligation" means:

- (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) described by the applicable Obligation Category and having each of the applicable Obligation Characteristics, if any, in each case, immediately prior to the relevant Credit Event as selected by the Calculation Agent in its sole discretion; and
- (b) the Reference Obligation,

in each case, unless it is an Excluded Obligation.

"Obligation Acceleration" means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

"Obligation Category" means Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in relation to a Reference Entity.

"Obligation Characteristics" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance as specified in relation to a Reference Entity.

"Obligation Currency" means the currency or currencies in which an Obligation is denominated.

"Obligation Default" means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default, or other similar condition or event (howsoever described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

"Original Bonds" means any Bonds comprising part of the relevant Deliverable Obligations.

"Original Loans" means any Loans comprising part of the relevant Deliverable Obligations.

"Original Non-Standard Reference Obligation" means, in relation to a Reference Entity, the obligation of such Reference Entity (either directly or as provider of a guarantee) which is specified as the Reference Obligation for such Reference Entity in the applicable Pricing Supplement (if any is so specified) **provided that**, if an obligation is not an obligation of such Reference Entity, such obligation will not constitute a valid Original Non-Standard Reference Obligation for purposes of the Notes (other than for the purposes of determining the Seniority Level and for the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) unless (a) otherwise specified in the applicable Pricing Supplement or (b) (i) "Reference Obligation Only" is specified as the Obligation Category and the Deliverable Obligation Category for the Reference Entity in the applicable Pricing Supplement or (ii) "Standard Reference Obligation" is specified as not applicable for the Reference Entity in the applicable Pricing Supplement.

"Outstanding Amount" means the Outstanding Principal Balance or Due and Payable Amount, as applicable.

"Outstanding Principal Balance" means in relation to an obligation an amount calculated as follows:

- (a) first, by determining, in respect of the obligation, the amount of the Reference Entity's principal payment obligations and, where applicable, the Reference Entity's accrued but unpaid interest payment obligations (which, in the case of a Guarantee will be the lower of (A) the Outstanding Principal Balance (including accrued but unpaid interest, where applicable) of the Underlying Obligation (determined as if references to the Reference Entity were references to the Underlying Obligor) and (B) the amount of the Fixed Cap, if any);
- (b) second, by subtracting all or any portion of such amount which, pursuant to the terms of the obligation, (A) is subject to any Prohibited Action, or (B) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (I) payment or (II) a Permitted Contingency) (the amount determined in sub-paragraph (a) above *less* any amounts subtracted in accordance with sub-paragraph (b), the **"Non-Contingent Amount"**); and
- (c) third, by determining the Quantum of the Claim, which shall then constitute the Outstanding Principal Balance,

in each case, determined:

- (A) unless otherwise specified, in accordance with the terms of the obligation in effect on either (I) the NOPS Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date), or (II) the Valuation Date, as applicable; and
- (B) with respect to the Quantum of the Claim only, in accordance with any applicable laws (insofar as such laws reduce or discount the size of the claim to reflect the original issue price or accrued value of the obligation).

"Package Observable Bond" means, in respect of a Reference Entity which is a Sovereign, any obligation (a) which is identified as such and published by ISDA on its website at www.isda.org from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time and (b) which fell within the definition of Deliverable Obligation set out in sub-paragraph (a) or (b) of the definition of "Deliverable Obligation", in each case, immediately preceding the date on which the relevant Asset Package Credit Event was legally effective,

"Parallel Auction" means "Auction" as defined in any relevant Parallel Auction Settlement Terms.

"Parallel Auction Cancellation Date" means "Auction Cancellation Date" as defined in any relevant Parallel Auction Settlement Terms.

"Parallel Auction Settlement Terms" means, following the occurrence of an M(M)R Restructuring, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such M(M)R Restructuring, and for which the Deliverable Obligation Terms are the same as the Deliverable Obligation Provisions applicable to the Notes and the Calculation Agent determines that the related Auction would not be an Applicable Auction for the purposes of the Notes.

"Partial Cash Settlement Amount" means, where the applicable Settlement Method is Physical Settlement, an amount determined by the Calculation Agent equal to the greater of:

- (a)
 - (i) the aggregate, for each Undeliverable Asset, of:
 - (A) the relevant Outstanding Principal Balance, Due and Payable Amount or Currency Amount, as applicable, of such Undeliverable Asset specified in the relevant Notice of Physical Settlement (or, as applicable, NOPS Amendment Notice); multiplied by
 - (B) the Final Price of such Undeliverable Asset,

less
 - (ii) if applicable, the Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the relevant Asset Amount), and
- (b) zero.

"Partial Cash Settlement Date" means, in respect of a Noteholder, the date falling three CLN Business Days (unless otherwise specified in relation to a Reference Entity) after the date on which the Final Price can first be determined in respect of each Undeliverable Asset for such Holder.

"Paying Agent" means each entity acting as a paying agent for the Credit Linked Notes, being:

- (a) the Issuer or, if another entity is specified as the primary paying agent in the applicable Pricing Supplement, such entity; and
- (b) any other entity specified as an additional paying agent in the applicable Pricing Supplement,

and, in each case, their respective successors and assigns.

"Payment" means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money.

"Payment Requirement" means the amount specified as such in the applicable Pricing Supplement or its equivalent in the relevant Obligation Currency (or, if no such amount is specified, USD 1,000,000 or its equivalent in the relevant Obligation Currency as determined by the Calculation Agent in a commercially reasonable manner) in either case as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

"Permissible Deliverable Obligations" has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included on the Final List pursuant to the Deliverable Obligation Terms that are applicable to that Auction.

"Permitted Contingency" means, with respect to an obligation, any reduction to the Reference Entity's payment obligations:

- (a) as a result of the application of:
 - (i) any provisions allowing a transfer, pursuant to which another party may assume all of the payment obligations of the Reference Entity;
 - (ii) provisions implementing the Subordination of the obligation;
 - (iii) provisions allowing for a Permitted Transfer in the case of a Qualifying Guarantee (or provisions allowing for the release of the Reference Entity from its payment obligations in the case of any other Guarantee);

- (iv) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as applicable in the applicable Pricing Supplement; or
 - (v) provisions which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, if "Financial Reference Entity Terms" is specified as applicable in the applicable Pricing Supplement; or
- (b) which is within the control of the holders of the obligation or a third party acting on their behalf (such as an agent or trustee) in exercising their rights under or in respect of such obligation.

"Permitted Transfer" means, with respect to a Qualifying Guarantee, a transfer to and the assumption by any single transferee of such Qualifying Guarantee (including by way of cancellation and execution of a new guarantee) on the same or substantially the same terms, in circumstances where there is also a transfer of all (or substantially all) of the assets of the Reference Entity to the same single transferee.

"Physical Settlement Adjustment" means a reduction to the Outstanding Amount of Deliverable Obligations specified in a Notice of Physical Settlement, by an amount of Deliverable Obligations having a liquidation value equal to the Unwind Costs (only if positive) rounded upwards to the nearest whole denomination of a Deliverable Obligation, such amount to be determined by the Calculation Agent. For the avoidance of doubt, if the applicable Pricing Supplement specifies that Unwind Costs are not applicable, the Physical Settlement Adjustment shall be zero.

"Physical Settlement Adjustment Rounding Amount" means an amount (if any) equal to the difference between the absolute value of the Physical Settlement Adjustment and the liquidation value of such whole number of Deliverable Obligations as are not required to be Delivered by the Issuer by way of compensation for any Unwind Costs.

"Physical Settlement Date" means the last day of the longest Physical Settlement Period following the NOPS Cut-off Date as the Calculation Agent may designate in its sole discretion. If all Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable are Delivered on or before the day so designated, the date that Delivery of such Deliverable Obligations is completed shall be deemed to be the Physical Settlement Date.

"Physical Settlement Matrix" means the "Credit Derivatives Physical Settlement Matrix", as most recently amended and supplemented as at the Trade Date (unless otherwise specified in the Pricing Supplement) and as published by ISDA on its website at www.isda.org (or any successor website thereto), **provided that** any reference therein to:

- (a) "Confirmation" shall be deemed to be a reference to the applicable Pricing Supplement;
- (b) "Floating Rate Payer Calculation Amount" shall be deemed to be a reference to the Specified Currency;
- (c) "Section 3.3 of the Definitions" shall be deemed to be a reference to "Credit Event Notice" as defined in this Annex;
- (d) "Section 3.9" shall be deemed to be a reference to Credit Linked Condition 7(a); and
- (e) "Section 8.6" shall be deemed to be a reference to "Physical Settlement Period" as defined in this Annex.

"Physical Settlement Period" means, subject to Credit Linked Condition 2(d), the number of CLN Business Days specified as such in relation to a Reference Entity or, if a number of CLN Business Days is not so specified, then, with respect to a Deliverable Obligation specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, the longest number of CLN Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent **provided that** if the Issuer

has notified the Calculation Agent and Noteholders that it intends to Deliver an Asset Package in lieu of a Prior Deliverable Obligation or a Package Observable Bond, the Physical Settlement Period shall be thirty CLN Business Days.

"Portfolio CLN" means Credit Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of a basket of Reference Entities (other than on an Nth-to-default basis), as specified in the applicable Pricing Supplement.

"Post Dismissal Additional Period" means the period from and including the date of the DC Credit Event Question Dismissal to and including the date that is sixteen calendar days thereafter (**provided that** the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)).

"Potential Failure to Pay" means the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations.

"Potential Repudiation/Moratorium" means the occurrence of an event described in subparagraph (a) of the definition of "Repudiation/Moratorium".

"Prior Deliverable Obligation" means:

- (a) if a Governmental Intervention has occurred (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), any obligation of the Reference Entity which (i) existed immediately prior to such Governmental Intervention, (ii) was the subject of such Governmental Intervention and (iii) fell within the definition of Deliverable Obligation set out in subparagraph (a) or (b) of the definition of "Deliverable Obligation", in each case, immediately preceding the date on which such Governmental Intervention was legally effective; or
- (b) if a Restructuring which does not constitute a Governmental Intervention has occurred in respect of the Reference Obligation (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), such Reference Obligation, if any.

"Prior Reference Obligation" means, in circumstances where there is no Reference Obligation applicable to the Notes, (I) the Reference Obligation most recently applicable thereto, if any, and otherwise, (II) the obligation specified in the applicable Pricing Supplement as the Reference Obligation, if any, if such Reference Obligation was redeemed on or prior to the Trade Date and otherwise, (III) any unsubordinated Borrowed Money obligation of the Reference Entity.

"Private-side Loan" means a Loan in respect of which the documentation governing its terms is not publicly available or capable of being made public without violating a law, agreement, understanding or other restriction regarding the confidentiality of such information.

"Prohibited Action" means any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in sub-paragraphs (a) to (d) of the definition of "Credit Event" or right of setoff by or of the Reference Entity or any applicable Underlying Obligor.

"Public Source" means each source of Publicly Available Information specified as such in the applicable Pricing Supplement (or, if no such source is specified in the applicable Pricing Supplement, each of Bloomberg, Reuters, Dow Jones, Newswires, The Wall Street Journal, The New York Times, Nihon Keizai Shimbun, Asahi Shimbun, Yomiuri Shimbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review and Debtwire (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

"Publicly Available Information" means:

- (a) information that reasonably confirms any of the facts relevant to the determination that the Credit Event or Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice have occurred and which:
 - (i) has been published in or on not less than two Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information **provided that**, if either the Calculation Agent or the Issuer or any of its respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless either the Calculation Agent or the Issuer or any of its Affiliates is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent, facility agent or agent bank for an Obligation;
 - (ii) is information received from or published by (A) a Reference Entity (or for a Reference Entity which is a Sovereign any agency, instrumentality, ministry, department or other authority thereof acting in a governmental capacity (including, without limiting the foregoing, the central bank) of such Sovereign) or (B) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or
 - (iii) is information contained in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body,

provided that where any information of the type described in sub-paragraph(ii) or (iii) above is not publicly available, it can only constitute Publicly Available Information if it can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.
- (b) In relation to any information of any type described in sub-paragraphs (a)(ii) or (iii) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party disclosing such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties.
- (c) In relation to a Repudiation/Moratorium Credit Event, Publicly Available Information must relate to the events described in both sub-paragraphs (a)(i) and (ii) of the definition of "Repudiation/Moratorium".
- (d) Publicly Available Information need not state:
 - (i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
 - (ii) that such occurrence:
 - (A) has met the Payment Requirement or Default Requirement;
 - (B) is the result of exceeding any applicable Grace Period; or
 - (C) has met the subjective criteria specified in certain Credit Events.

"Qualifying Affiliate Guarantee" means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of the Reference Entity.

"Qualifying Guarantee" means a guarantee evidenced by a written instrument (which may include a statute or regulation), pursuant to which the Reference Entity irrevocably agrees,

undertakes, or is otherwise obliged to pay all amounts of principal and interest (except for amounts which are not covered due to the existence of a Fixed Cap) due under an Underlying Obligation for which the Underlying Obligor is the obligor, by guarantee of payment and not by guarantee of collection (or, in either case, any legal arrangement which is equivalent thereto in form under the relevant governing law).

A Qualifying Guarantee shall not include any guarantee:

- (a) which is structured as a surety bond, financial guarantee insurance policy or letter of credit (or any legal arrangement which is equivalent thereto in form); or
- (b) pursuant to the terms applicable thereto, the principal payment obligations of the Reference Entity can be discharged, released, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance, in each case, other than:
 - (i) by payment;
 - (ii) by way of Permitted Transfer;
 - (iii) by operation of law;
 - (iv) due to the existence of a Fixed Cap; or
 - (v) due to:
 - (A) provisions permitting or anticipating a Governmental Intervention, if "Financial Reference Entity Terms" is specified as applicable in the applicable Pricing Supplement; or
 - (B) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as applicable in the applicable Pricing Supplement.

If the guarantee or Underlying Obligation contains provisions relating to the discharge, release, reduction, assignment or other alteration of the principal payment obligations of the Reference Entity and such provisions have ceased to apply or are suspended at the time of the relevant determination, in accordance with the terms of such guarantee or Underlying Obligation, due to or following the occurrence of (I) a non payment in respect of the guarantee or the Underlying Obligation, or (II) an event of the type described in the definition of "Bankruptcy" in respect of the Reference Entity or the Underlying Obligor, then it shall be deemed for these purposes that such cessation or suspension is permanent, notwithstanding the terms of the guarantee or Underlying Obligation.

In order for a guarantee to constitute a Qualifying Guarantee:

- (x) the benefit of such guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation; and
- (y) if a guarantee contains a Fixed Cap, all claims to any amounts which are subject to such Fixed Cap must be capable of being Delivered together with the Delivery of such guarantee.

"Qualifying Participation Seller" means any participation seller that meets the requirements specified in relation to a Reference Entity. If no such requirements are specified, there shall be no Qualifying Participation Seller.

"Quantum of the Claim" means the lowest amount of the claim which could be validly asserted against the Reference Entity in respect of the Non-Contingent Amount if the obligation had become redeemable, been accelerated, terminated or had otherwise become due and payable at the time of the relevant determination, **provided that** the Quantum of the Claim cannot exceed the Non-Contingent Amount.

"Quotation" means, in respect of a Reference Obligation or an Undeliverable Asset, as the case may be, each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage of the Outstanding Principal Balance or Due and Payable Amount, as applicable, of the Reference Obligation or the Undeliverable Asset, as applicable, with respect to a Valuation Date in the manner that follows:

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more CLN Dealers.
- (b) If the Calculation Agent is unable to obtain two or more such Full Quotations on the same CLN Business Day within three CLN Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each CLN Business Day thereafter until the tenth CLN Business Day following the Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more CLN Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation.
- (c) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same CLN Business Day on or prior to the tenth CLN Business Day following the applicable Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a CLN Dealer at the Valuation Time on such tenth CLN Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation or the Undeliverable Asset, as applicable, obtained from CLN Dealers at the Valuation Time on such tenth CLN Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

"Quotation Amount" means:

- (a) with respect to a Reference Obligation, the amount specified as such in the applicable Pricing Supplement or, if no amount is specified in the applicable Pricing Supplement, the Aggregate Nominal Amount (or, in either case, its equivalent in the relevant Obligation Currency, which shall be converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained);
- (b) with respect to each type or issue of Undeliverable Asset, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency as calculated in the same manner as (a) above) of such Undeliverable Asset.

"Quotation Method" means the quotation method specified in the applicable Pricing Supplement by reference to one of the following terms:

- (a) **"Bid"** means that only bid quotations shall be requested from CLN Dealers;
- (b) **"Offer"** means that only offer quotations shall be requested from CLN Dealers; or
- (c) **"Mid market"** means that bid and offer quotations shall be requested from CLN Dealers and shall be averaged for purposes of determining a relevant CLN Dealer's quotation.

If a Quotation Method is not specified in the applicable Pricing Supplement, or if Credit Linked Condition 4(b) applies, Bid shall apply.

"Reference Entity" or **"Reference Entities"** means the reference entity or reference entities specified in the applicable Pricing Supplement. Any Successor to a Reference Entity either:

- (a) identified by the Calculation Agent in accordance with the definition of "Successor" on or following the Trade Date; or

- (b) identified pursuant to a DC Resolution in respect of a Succession Event Resolution Request Date and publicly announced by the DC Secretary on or following the Trade Date,

shall, in each case, with effect from the Succession Date, be a Reference Entity for the Credit Linked Notes, as the terms of which may be modified pursuant to the provisions described in Credit Linked Condition 6.

"Reference Entity Notional Amount" means the amount in which the Issuer has purchased credit protection in respect of one or more Reference Entities, as set out in the applicable Pricing Supplement (or, if no such amount is specified, the Aggregate Nominal Amount of the Notes *divided* by the number of Reference Entities), subject to Credit Linked Condition 6.

"Reference Obligation" means:

- (a) the Reference Obligation specified in relation to a Reference Entity;
- (b) any Substitute Reference Obligation;
- (c) if "Standard Reference Obligation" is specified in the applicable Pricing Supplement, the Reference Obligation will be the obligation of the Reference Entity with the relevant Seniority Level which is specified on the list of Standard Reference Obligations as published by ISDA (or by a third party designated by ISDA) from time to time as determined by the Calculation Agent in its sole discretion (the **"Standard Reference Obligation"**). If, in the determination of the Calculation Agent, the Standard Reference Obligation is removed from the list published by ISDA, such obligation shall cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) and there shall be no Reference Obligation unless and until, in the determination of the Calculation Agent, such obligation is subsequently replaced on the list published by ISDA, in which case, the new Standard Reference Obligation in respect of the Reference Entity shall constitute the Reference Obligation; or
- (d) if (i) "Standard Reference Obligation" is specified as applicable in the applicable Pricing Supplement (or no election is specified in the applicable Pricing Supplement), (ii) there is no Standard Reference Obligation and (iii) a Non-Standard Reference Obligation is specified in the applicable Pricing Supplement, in which case the Reference Obligation will be (A) the Non-Standard Reference Obligation to but excluding the first date of publication of the Standard Reference Obligation and (B) the Standard Reference Obligation from such date onwards, **provided that** the Standard Reference Obligation that is published would have been eligible to be selected as a Substitute Reference Obligation.

"Reference Obligation Only" means any obligation that is a Reference Obligation and no Obligation Characteristics or, as the case may be, Deliverable Obligation Characteristics shall be applicable where Reference Obligation Only applies.

"Reference Portfolio" means, in respect of a Portfolio CLN, the basket of Reference Entities applicable to such Credit Linked Notes, as specified in the applicable Pricing Supplement.

"Reference Price" means the percentage specified as such in relation to a Reference Entity or, if a percentage is not so specified, 100 per cent.

"Relevant City Business Day" has the meaning given to that term in the DC Rules.

"Relevant Guarantee" means a Qualifying Affiliate Guarantee or, if "All Guarantees" is specified as applicable in the applicable Pricing Supplement, a Qualifying Guarantee.

"Relevant Holder" means a holder of the Prior Deliverable Obligation or Package Observable Bond, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, immediately prior to the relevant Asset Package Credit Event, equal to the Outstanding Amount specified in respect of such Prior Deliverable Obligation or Package

Observable Bond in the Notice of Physical Settlement, or NOPS Amendment Notice, as applicable.

"Relevant Obligations" means:

- (a) subject to sub-paragraph (b) below, the Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" and which are outstanding immediately prior to the Succession Date (or, if there is a Steps Plan, immediately prior to the legally effective date of the first succession), **provided that**:
 - (i) any Bonds or Loans outstanding between the Reference Entity and any of its Affiliates, or held by the Reference Entity, shall be excluded;
 - (ii) if there is a Steps Plan, the Calculation Agent shall, for purposes of the determination required to be made under sub-paragraph (a) of the definition of "Successor", make the appropriate adjustments required to take account of any Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" that are issued, incurred, redeemed, repurchased or cancelled from and including the legally effective date of the first succession to and including the Succession Date;
 - (iii) if "Financial Reference Entity Terms" and "Senior Transaction" are specified as applicable in the applicable Pricing Supplement, the Relevant Obligations shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan"; and
 - (iv) if "Financial Reference Entity Terms" and "Subordinated Transaction" are specified as applicable in the applicable Pricing Supplement, Relevant Obligations shall exclude Senior Obligations and any Further Subordinated Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan", **provided that** if no such Relevant Obligations exist, "Relevant Obligations" shall have the same meaning as it would if "Senior Transaction" were specified as applicable in the applicable Pricing Supplement.
- (b) where "LPN Reference Entity" is applicable to a Reference Entity, each of the obligations listed as a Reference Obligation of such Reference Entity in the relevant "LPN Reference Obligation List" as published by Markit Group Limited, or any successor thereto, which list is currently available at <http://www.markit.com/marketing/services.php>, any Additional LPN, and each Additional Obligation.

"Replacement Deliverable Obligation" means each replacement Deliverable Obligation that the Issuer will, subject to Credit Linked Condition 4, Deliver to the Noteholders in lieu of each original Deliverable Obligation which has not been Delivered as at the date of such NOPS Amendment Notice.

"Replaced Deliverable Obligation Outstanding Amount" means the Outstanding Amount of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, that is being replaced.

"Replacement Reference Entity" means an entity selected by the Calculation Agent in its discretion which is incorporated in the same geographical area, has the same Transaction Type as the Legacy Reference Entity and which is of a similar or better credit quality than the Legacy Reference Entity, as measured by Standard & Poor's Ratings Services and/or by Moody's Investors Service Ltd., at the date of the relevant succession **provided that** in selecting any Replacement Reference Entity, the Calculation Agent is under no obligation to the Noteholders, the Issuer or any other person and, **provided that** the Successor selected meets the criteria specified above, is entitled, and indeed will endeavour, to select the least credit-worthy of the Successors. In making any selection, the Calculation Agent will not be liable to account to the Noteholders, the Issuer or any other person for any profit or other benefit to it or any of its Affiliates which may result directly or indirectly from any such selection.

"Repudiation/Moratorium" means the occurrence of both of the following events:

- (a) an authorised officer of the Reference Entity or a Governmental Authority:
 - (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or
 - (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and
- (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

"Repudiation/Moratorium Evaluation Date" means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date:

- (a) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of:
 - (i) the date that is 60 days after the date of such Potential Repudiation/Moratorium; and
 - (ii) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date); and
- (b) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium,

provided that, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date unless the Repudiation/Moratorium Extension Condition is satisfied.

"Repudiation/Moratorium Extension Condition" means a condition which is satisfied (i) if the Calculation Agent determines that the DC Secretary publicly announces, pursuant to a valid request that was delivered and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the Reference Entity and that such event occurred on or prior to the Scheduled Maturity Date and such Resolution constitutes an Applicable Resolution, or (ii) otherwise, by the delivery by the Issuer to the Calculation Agent and Noteholders of a Repudiation/Moratorium Extension Notice and, unless "Notice of Publicly Available Information" is specified as not applicable in the applicable Pricing Supplement, a Notice of Publicly Available Information that are each effective on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date. In all cases, the Calculation Agent may determine that the Repudiation/Moratorium Extension Condition has not been satisfied, or is not capable of being satisfied, if, or to the extent that, the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium with respect to an Obligation of the relevant Reference Entity, or (B) an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Maturity Date.

"Repudiation/Moratorium Extension Notice" means an irrevocable notice from the Issuer to the Calculation Agent and Noteholders that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Maturity Date. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium

Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

"**Resolve**" has the meaning given to that term in the DC Rules, and "Resolution", "Resolved" and "Resolves" shall be interpreted accordingly.

"**Restructured Bond or Loan**" means an Obligation which is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

"**Restructuring**" means:

- (a) that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by the Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation (including, in each case, in respect of Bonds only, by way of an exchange), and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Credit Event Backstop Date and the date as of which such Obligation is issued or incurred:
 - (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
 - (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
 - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest, or (B) the payment of principal or premium;
 - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
 - (v) any change in the currency of any payment of interest, principal or premium to any currency other than the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).
- (b) Notwithstanding the provisions of sub-paragraph (a) above, none of the following shall constitute a Restructuring:
 - (i) the payment in euros of interest, principal or premium in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
 - (ii) the redenomination from euros into another currency, if (A) the redenomination occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority and (B) a freely available market rate of conversion between euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest, principal or premium payable, as determined by reference to such freely available market rate of conversion;
 - (iii) the occurrence of, agreement to or announcement of any of the events described in sub-paragraphs (a) (i) to (v) above due to an administrative adjustment,

accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and

- (iv) the occurrence of, agreement to or announcement of any of the events described in sub-paragraphs (a)(i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity, **provided that** in respect of sub-paragraph (a)(v) above only, no such deterioration in the creditworthiness or financial condition of the Reference Entity is required where the redenomination is from euros into another currency and occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.
- (c) For purposes of sub-paragraphs (a) and (b) above and the definition of "Multiple Holder Obligation", the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee. In the case of a Guarantee and an Underlying Obligation, references to the Reference Entity in sub-paragraph (a) above shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in sub-paragraph (b) above shall continue to refer to the Reference Entity.
- (d) If an exchange has occurred, the determination as to whether one of the events described under sub-paragraphs (a)(i) to (v) above has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange.

"Restructuring Date" means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

"Restructuring Maturity Limitation Date" means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date **provided that**, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a **"Latest Maturity Restructured Bond or Loan"**) and the Scheduled Maturity Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan.

"Revised Currency Rate" means, with respect to a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the rate of conversion between the currency in which the Replaced Deliverable Obligation Outstanding Amount is denominated and the currency in which the Outstanding Amount of such Replacement Deliverable Obligation is denominated that is determined either:

- (i) by reference to the Currency Rate Source as at the Next Currency Fixing time; or
- (ii) if such rate is not available at such time, as the Calculation Agent shall determine in a commercially reasonable manner.

"Scheduled Maturity Date" means the date specified as such in the applicable Pricing Supplement which shall not be subject to adjustment in accordance with any CLN Business Day Convention unless otherwise specified in the applicable Pricing Supplement.

"Seniority Level" means, with respect to an obligation of the Reference Entity, (a) "Senior Level" or "Subordinated Level" as specified in the applicable Pricing Supplement, or (b) if no such seniority level is specified in the applicable Pricing Supplement, "Senior Level" if the Original Non-Standard Reference Obligation is a Senior Obligation or "Subordinated Level" if the Original Non-Standard Reference Obligation is a Subordinated Obligation, failing which (c) "Senior Level".

"Senior Obligation" means any obligation which is not Subordinated to any unsubordinated Borrowed Money obligation of the Reference Entity.

"Settlement Currency" means the currency specified as such in the applicable Pricing Supplement, or if no currency is so specified in the applicable Pricing Supplement, the Specified Currency.

"Settlement Method" means the settlement method specified as such in the applicable Pricing Supplement and if no Settlement Method is specified in the applicable Pricing Supplement, Auction Settlement.

"Single Name CLN" means Credit Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of only one Reference Entity.

"Solvency Capital Provisions" means any terms in an obligation which permit the Reference Entity's payment obligations thereunder to be deferred, suspended, cancelled, converted, reduced or otherwise varied and which are necessary in order for the obligation to constitute capital resources of a particular tier.

"Sovereign" means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority acting in a governmental capacity (including without limiting the foregoing, the central bank) thereof.

"Sovereign Restructured Deliverable Obligation" means an Obligation of a Reference Entity which is a Sovereign (either directly or as provider of a Relevant Guarantee) (a) in respect of which a Restructuring that is the subject of the Credit Event Notice or DC Credit Event Announcement has occurred and (b) which fell within the sub-paragraph (a) of the definition of "Deliverable Obligation" immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

"Sovereign Succession Event" means, with respect to a Reference Entity that is a Sovereign, an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other similar event.

"Specified Currency" means an obligation that is payable in the currency or currencies specified as such in the applicable Pricing Supplement (or, if "Specified Currency" is specified in the applicable Pricing Supplement and no currency is so specified, any Standard Specified Currency), **provided that** if the euro is a Specified Currency, "Specified Currency" shall also include an obligation that was previously payable in the euro, regardless of any redenomination thereafter if such redenomination occurred as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.

"SRO List" means the list of Standard Reference Obligations as published by ISDA on its website at www.isda.org from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time.

"Standard Reference Obligation" means, in respect of a Reference Entity, the obligation of such Reference Entity with the relevant Seniority Level which is specified from time to time on the SRO List, as determined by the Calculation Agent in its sole discretion. If, in the determination of the Calculation Agent, the Standard Reference Obligation for a Reference Entity is removed from the SRO List, such obligation shall cease to be the Reference Obligation for such Reference Entity (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) and there shall be no Reference Obligation for such Reference Entity unless and until, in the determination of the Calculation Agent, such obligation is subsequently replaced on the SRO List, in which case, the new Standard Reference Obligation in respect of such Reference Entity shall constitute the Reference Obligation for such Reference Entity.

"Standard Specified Currencies" means the lawful currencies of Canada, Japan, Switzerland, France, Germany, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole) (and each a **"Standard Specified Currency"**).

"Steps Plan" means a plan evidenced by Eligible Information contemplating that there will be a series of successions to some or all of the Relevant Obligations of the Reference Entity, by one or more entities.

"Subordinated Obligation" means any obligation which is Subordinated to any unsubordinated Borrowed Money obligation of the Reference Entity or which would be so Subordinated if any unsubordinated Borrowed Money obligation of the Reference Entity existed.

"Subordination" means, with respect to an obligation (the **"Second Obligation"**) and another obligation of the Reference Entity to which such obligation is being compared (the **"First Obligation"**), a contractual, trust or similar arrangement providing that (I) upon the liquidation, dissolution, reorganization or winding-up of the Reference Entity, claims of the holders of the First Obligation are required to be satisfied prior to the claims of the holders of the Second Obligation, or (II) the holders of the Second Obligation will not be entitled to receive or retain principal payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the First Obligation. "Subordinated" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, (x) the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement or security arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign and (y) in the case of the Reference Obligation or the Prior Reference Obligation, as applicable, the ranking in priority of payment shall be determined as of the date as of which it was issued or incurred (or in circumstances where the Reference Obligation or a Prior Reference Obligation is the Standard Reference Obligation and "Standard Reference Obligation" is applicable, then the priority of payment of the Reference Obligation or the Prior Reference Obligation, as applicable, shall be determined as of the date of selection) and, in each case, shall not reflect any change to such ranking in priority of payment after such date.

"Substitute Reference Obligation" means, with respect to a Non-Standard Reference Obligation to which a Substitution Event has occurred, the obligation that will replace the original Reference Obligation, determined by the Calculation Agent as follows:

- (a) The Calculation Agent shall identify the Substitute Reference Obligation in accordance with sub-paragraphs (c), (d) and (e) below to replace the original Reference Obligation; **provided that** the Calculation Agent will not identify an obligation as the Substitute Reference Obligation if, at the time of the determination, such obligation has already been rejected as the Substitute Reference Obligation by the relevant Credit Derivatives Determinations Committee and such obligation has not changed materially since the date of such DC Resolution.
- (b) If any of the events set forth under sub-paragraphs (a) or (c) of the definition of "Substitution Event" have occurred with respect to the Non-Standard Reference Obligation, the Non-Standard Reference Obligation will cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic and sub-paragraph (c)(ii) below). If the event set forth in sub-paragraph (b) of the definition of "Substitution Event" has occurred with respect to the Non-Standard Reference Obligation and no Substitute Reference Obligation is available, the Non-Standard Reference Obligation will continue to be the Reference Obligation until the Substitute Reference Obligation is identified or, if earlier, until any of the events set forth under sub-paragraphs (a) or (c) of the definition of "Substitution Event" occur with respect to such Non-Standard Reference Obligation.
- (c) The Substitute Reference Obligation shall be an obligation that on the Substitution Date:
 - (i) is a Borrowed Money obligation of the Reference Entity (either directly or as provider of a guarantee);

- (ii) satisfies the Not Subordinated Deliverable Obligation Characteristic as of the date it was issued or incurred (without reflecting any change to the priority of payment after such date) and on the Substitution Date; and
- (iii)
 - (A) if the Non-Standard Reference Obligation was a Conforming Reference Obligation when issued or incurred and immediately prior to the Substitution Event Date:
 - (I) is a Deliverable Obligation (other than a Loan) determined in accordance with sub-paragraph (a) of the definition of "Deliverable Obligation"; or if no such obligation is available;
 - (II) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of "Deliverable Obligation";
 - (B) if the original Reference Obligation was a Bond (or any other Borrowed Money obligation other than a Loan) which was a Non-Conforming Reference Obligation when issued or incurred and/or immediately prior to the Substitution Event Date:
 - (I) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available;
 - (II) is a Deliverable Obligation (other than a Loan) determined in accordance with sub-paragraph (a) of the definition of "Deliverable Obligation"; or if no such obligation is available;
 - (III) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available;
 - (IV) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of "Deliverable Obligation"; or
 - (C) if the original Reference Obligation was a Loan which was a Non-Conforming Reference Obligation when incurred and/or immediately prior to the Substitution Event Date:
 - (I) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,
 - (II) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,
 - (III) is a Deliverable Obligation (other than a Loan) determined in accordance with sub-paragraph (a) of the definition of "Deliverable Obligation"; or if no such obligation is available,
 - (IV) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with sub-paragraph (a) of the definition of "Deliverable Obligation".
- (d) If more than one potential Substitute Reference Obligation is identified pursuant to the process described in sub-paragraph (c), the Substitute Reference Obligation will be the potential Substitute Reference Obligation that most closely preserves the economic equivalent of the delivery and payment obligations of the Credit Linked Notes, as determined by the Calculation Agent. The Calculation Agent will notify the Issuer of the

Substitute Reference Obligation as soon as reasonably practicable after it has been identified in accordance with sub-paragraph (c) and the Substitute Reference Obligation shall replace the original Reference Obligation immediately upon such notification.

- (e) If a Substitution Event has occurred with respect to the original Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for the original Reference Obligation, then, subject to sub-paragraph (a) and notwithstanding the fact that the original Reference Obligation may have ceased to be the Reference Obligation in accordance with sub-paragraph (b), the Calculation Agent shall use reasonable commercial efforts to continue to attempt to identify the Substitute Reference Obligation.
- (f) Notwithstanding the above, if (a) "Reference Obligation Only" is specified as the Obligation Category and the Deliverable Obligation Category for the Reference Entity in the applicable Pricing Supplement and (b) "Standard Reference Obligation" is specified as not applicable for the Reference Entity in the applicable Pricing Supplement:
 - (i) no Substitute Reference Obligation shall be determined in respect of the Reference Obligation;
 - (ii) if the events set out in paragraph (a) of the definition of "Substitution Event" occur, the Substitution Event Date shall be the CLN Maturity Date and the Issuer shall make payment of the outstanding principal amount of the Notes as described in Credit Linked Condition 2(b); and
 - (iii) if the events set out in paragraph (b) or (c) of the definition of "Substitution Event" occur with respect to the Reference Obligation, such Reference Obligation shall continue to be the Reference Obligation.

"Substitution Date" means, with respect to a Substitute Reference Obligation, the date on which the Calculation Agent notifies the Issuer that such Substitute Reference Obligation has been identified in accordance with the definition of "Substitute Reference Obligation".

"Substitution Event" means, with respect to the original Reference Obligation (other than a Standard Reference Obligation):

- (a) the Non-Standard Reference Obligation is redeemed in whole;
- (b) the aggregate amounts due under the Non-Standard Reference Obligation have been reduced by redemption or otherwise below USD 10,000,000 (or its equivalent in the relevant Obligation Currency, as determined by the Calculation Agent); or
- (c) for any reason, other than due to the existence or occurrence of a Credit Event, the Non-Standard Reference Obligation is no longer an obligation of the Reference Entity (either directly or as provider of a guarantee),

and for the purposes of identification of the Non-Standard Reference Obligation, any change in the Non-Standard Reference Obligation's CUSIP number or ISIN or other similar identifier will not, in and of itself, constitute a Substitution Event.

If an event described in sub-paragraphs (a) or (b) above has occurred on or prior to the Trade Date, then a Substitution Event shall be deemed to have occurred pursuant to sub-paragraphs (a) or (b) above, as the case may be, on the Trade Date.

"Substitution Event Date" means, with respect to the Reference Obligation, the date of the occurrence of the relevant Substitution Event.

"Succession Date" means the legally effective date of an event in which one or more entities succeed to some or all of the Relevant Obligations of the Reference Entity; **provided that** if at such time, there is a Steps Plan, the Succession Date will be the legally effective date of the final succession in respect of such Steps Plan, or if earlier (i) the date on which a determination of the Calculation Agent in accordance with the definition of "Successor" would not be affected by any

further related successions in respect of such Steps Plan, or (ii) the occurrence of an Event Determination Date in respect of the Reference Entity or any entity which would constitute a Successor.

"**Successor**" means, subject to sub-paragraph (c) below, in relation to any Reference Entity, each Successor that ISDA has publicly announced, including prior to the Issue Date, that the relevant Credit Derivatives Determinations Committee has Resolved is a Successor to the original Reference Entity on or following the Successor Backstop Date in accordance with the DC Rules; or if no Successor has been identified by a Credit Derivatives Determinations Committee:

- (a)
- (i) subject to sub-paragraph (vii) below, if one entity succeeds, either directly or as a provider of a Relevant Guarantee, to seventy-five per cent or more of the Relevant Obligations of the Reference Entity, that entity will be the sole Successor in respect of the relevant Reference Entity;
 - (ii) if only one entity succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent (but less than seventy-five per cent) of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent of the Relevant Obligations will be the sole Successor in respect of the relevant Reference Entity;
 - (iii) if more than one entity each succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent of the Relevant Obligations will each be a Successor;
 - (iv) if one or more entities each succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent of the Relevant Obligations of the Reference Entity, and more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor;
 - (v) if one or more entities succeed, either directly or as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of such succession;
 - (vi) if one or more entities succeed, either directly or as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations will be the Successor (**provided that** if two or more entities succeed to an equal percentage of Relevant Obligations, each such entity will be a Successor; and
 - (vii) in respect of a Reference Entity which is not a Sovereign, if one entity assumes all of the obligations (including at least one Relevant Obligation) of the Reference Entity, and at the time of the determination either (A) the Reference Entity has ceased to exist, or (B) the Reference Entity is in the process of being dissolved (howsoever described) and the Reference Entity has not issued or incurred any Borrowed Money obligation at any time since the legally effective date of the assumption, such entity (the "**Universal Successor**") will be the sole Successor in respect of the relevant Reference Entity.

- (b) The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the existence of the relevant Successor, any Successor or Successors; **provided that** the Calculation Agent will not make such determination if, at the time of determination, ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that there is no Successor based on the relevant succession to Relevant Obligations.

The Calculation Agent will make all calculations and determinations required to be made in relation to the determination of any Successor or Successors on the basis of Eligible Information and will notify the Issuer of any such calculation or determination as soon as practicable.

In calculating the percentages used to determine whether an entity qualifies as a Successor, if there is a Steps Plan, the Calculation Agent shall consider all related successions in respect of such Steps Plan in aggregate as if forming part of a single succession.

- (c) An entity may only be a Successor if:
- (i) either (A) the related Succession Date occurs on or after the Successor Backstop Date, or (B) such entity is a Universal Successor in respect of which the Succession Date occurred on or after 1 January 2014;
 - (ii) the Reference Entity had at least one Relevant Obligation outstanding immediately prior to the Succession Date and such entity succeeds to all or part of at least one Relevant Obligation of the Reference Entity; and
 - (iii) where the Reference Entity is a Sovereign, such entity succeeded to the Relevant Obligations by way of a Sovereign Succession Event.
- (d) For purposes of sub-paragraphs (a) to (c) above, "**Succeed**" means, with respect to the Reference Entity and its Relevant Obligations, that an entity other than the Reference Entity (i) assumes or becomes liable for such Relevant Obligations whether by operation of law or pursuant to any agreement (including, with respect to a Reference Entity that is a Sovereign, any protocol, treaty, convention, accord, concord, entente, pact or other agreement), or (ii) issues Bonds or incurs Loans (the "**Exchange Bonds or Loans**") that are exchanged for Relevant Obligations, and in either case the Reference Entity is not thereafter a direct obligor or a provider of a Relevant Guarantee with respect to such Relevant Obligations or such Exchange Bonds or Loans, as applicable. For purposes of sub-paragraphs (a) to (c) above, "**Succeeded**" and "**Succession**" shall be construed accordingly.
- (e) In the case of an exchange offer, the determination required pursuant to the sub-paragraph (a) shall be made on the basis of the outstanding principal balance of Relevant Obligations exchanged and not on the basis of the outstanding principal balance of the Exchange Bonds or Loans.
- (f) If two or more entities (each, a "**Joint Potential Successor**") jointly succeed to a Relevant Obligation (the "**Joint Relevant Obligation**") either directly or as a provider of a Relevant Guarantee, then (i) if the Joint Relevant Obligation was a direct obligation of the Reference Entity, it shall be treated as having been succeeded by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as direct obligor or obligors, or (ii) if the Joint Relevant Obligation was a Relevant Guarantee, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as guarantor or guarantors, if any, or otherwise by each Joint Potential Successor in equal parts.

"**Successor Backstop Date**" means for purposes of any Successor the date that is ninety calendar days prior to the Trade Date **provided however that** the Successor Backstop Date may be adjusted by the Calculation Agent using its discretion in order to match any Hedge Transaction.

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

"Successor Notice" means an irrevocable notice (which may be in writing (including by facsimile and/or email and/or by telephone)) from the Calculation Agent (which the Calculation Agent has the right but not the obligation to deliver) to the Issuer that describes a succession (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) in respect of which a Succession Date has occurred and pursuant to which one or more Successors to the Reference Entity can be determined. A Successor Notice must contain a description in reasonable detail of the facts relevant to the determination of such succession (or Sovereign Succession Event).

"Successor Resolution Request Date" means, with respect to a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve one or more Successors to the Reference Entity, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective, **provided that** the Calculation Agent determines that such request and the DC Resolution constitute an Applicable Request and an Applicable Resolution.

"Surviving Reference Entity" has the meaning given to such term in Credit Linked Condition 6(b)(ii) above.

"TARGET Settlement Day" means any day on which TARGET2 (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open.

"Trade Date" means the date specified as such in the applicable Pricing Supplement.

"Transaction Auction Settlement Terms" means, in respect of any Reference Entity and a related Credit Event, the Credit Derivatives Auction Settlement Terms published by ISDA with respect to the Auction which the Calculation Agent determines to be the Applicable Auction with respect to the Notes.

"Transaction Type" means, unless otherwise specified in the applicable Pricing Supplement, each "Transaction Type" specified as such in the Physical Settlement Matrix from time to time.

"Transferable" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, **provided that** none of the following shall be considered contractual, statutory or regulatory restrictions:

- (a) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation);
- (b) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or
- (c) restrictions in respect of blocked periods on or around payment dates or voting periods.

"Trigger Percentage" means the trigger percentage specified in the Pricing Supplement (or if no such trigger percentage is specified, 5.25% per cent.)

"Undeliverable Asset" means an Undeliverable Obligation, Undeliverable Loan Obligation, Unassignable Obligation, Undeliverable Participation, Non-Deliverable Obligation or an obligation which the Issuer has been unable to Deliver to the relevant Noteholder as described in sub-paragraph (y) of Credit Linked Condition 7(c).

"Unassignable Obligation" has the meaning given to such term in Credit Linked Condition 4(b)(iii) above.

"**Undeliverable Loan Obligation**" has the meaning given to such term in Credit Linked Condition 4(b)(ii) above.

"**Undeliverable Obligation**" has the meaning given to such term in Credit Linked Condition 4(b)(i) above.

"**Undeliverable Participation**" has the meaning given to such term in Credit Linked Condition 4(b)(iv) above.

"**Underlying Finance Instrument**" means where the LPN Issuer provides finance to the Reference Entity by way of a deposit, loan or other Borrowed Money instrument.

"**Underlying Loan**" means a loan advanced to the Reference Entity by an LPN Issuer.

"**Underlying Obligation**" means, with respect to a guarantee, the obligation which is the subject of the guarantee.

"**Underlying Obligor**" means with respect to an Underlying Obligation, the issuer in the case of a Bond, the borrower in the case of a Loan, or the principal obligor in the case of any other Underlying Obligation.

"**Unwind Costs**" means the amount specified in the applicable Pricing Supplement or if "**Standard Unwind Costs**" are specified in the applicable Pricing Supplement (or in the absence of any such specification), an amount, subject to a minimum of zero, determined by the Calculation Agent equal to the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Issuer in connection with the redemption of the Credit Linked Notes and the related termination, settlement or re-establishment of any Hedge Transaction, such amount to be apportioned *pro rata* amongst the principal amount of each Credit Linked Note outstanding.

"**Valuation Date**" means:

- (a) if "**Single Valuation Date**" is specified in the applicable Pricing Supplement, subject to Credit Linked Condition 2(c), the date that is the number of Business Days specified in the applicable Pricing Supplement (or, if the number of Business Days is not so specified, five Business Days) following the Event Determination Date (or if the Event Determination Date occurs pursuant to sub-paragraph (a)(ii) of the definition of "Event Determination Date" or sub-paragraph (b)(i) of the definition of "Non-Standard Event Determination Date", the day on which the DC Credit Event Announcement occurs) (or, if "**Cash Settlement**" is applicable pursuant to the Fallback Settlement Method, the date that is the number of Business Days specified in the applicable Pricing Supplement (or, if the number of Business Days is not so specified, five Business Days) following the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable); and
- (b) if "**Multiple Valuation Dates**" is specified in the applicable Pricing Supplement, each of the following dates:
 - (i) subject to Credit Linked Condition 2(c), the date that is the number of Business Days specified in the applicable Pricing Supplement (or, if the number of Business Days is not so specified, five Business Days) following the Event Determination Date (or if the Event Determination Date occurs pursuant to sub-paragraph (a)(ii) of the definition of "Event Determination Date" or sub-paragraph (b)(i) of the definition of "Non-Standard Event Determination Date", the day on which the DC Credit Event Announcement occurs) (or, if "**Cash Settlement**" is applicable pursuant to the Fallback Settlement Method, the date that is the number of Business Days specified in the applicable Pricing Supplement (or, if the number of Business Days is not so specified, five Business Days) following the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable); and

- (ii) each successive date that is the number of Business Days specified in the applicable Pricing Supplement (or, if the number of Business Days is not so specified, five Business Days) after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When "**Multiple Valuation Dates**" is specified in the applicable Pricing Supplement, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the applicable Pricing Supplement (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither "**Single Valuation Date**" nor "**Multiple Valuation Dates**" is specified in the applicable Pricing Supplement, "Single Valuation Date" shall apply.

For the purposes of Credit Linked Condition 4(b), the Valuation Date is deemed to be the date that is up to fifteen CLN Business Days (as selected by the Calculation Agent in its sole discretion) after the Latest Permissible Physical Settlement Date.

"Valuation Method":

- (a) The following Valuation Methods may be specified in the applicable Pricing Supplement for a Series with only one Valuation Date:
 - (i) "**Market**" means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or
 - (ii) "**Highest**" means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

If no such Valuation Method is specified in the applicable Pricing Supplement, the Valuation Method shall be "**Highest**".

- (b) The following Valuation Methods may be specified in the applicable Pricing Supplement for a Series with more than one Valuation Date:
 - (i) "**Average Market**" means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or
 - (ii) "**Highest**" means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or
 - (iii) "**Average Highest**" means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.

If no such Valuation Method is specified in the applicable Pricing Supplement, the Valuation Method shall be "**Average Highest**".

- (c) Notwithstanding sub-paragraphs (a) and (b) above, if Quotations include Weighted Average Quotations or fewer than two Full Quotations, the Valuation Method shall be "**Market**" or "**Average Market**", as the case may be.
- (d) Notwithstanding sub-paragraphs (a), (b) and (c) above, for the purposes of Credit Linked Condition 4(b), the Valuation Method is deemed to be "Highest" unless fewer than two Full Quotations are obtained or a Weighted Average Quotation applies (or, if applicable, Indicative Quotations), in which case Valuation Method is deemed to be "Market."

"**Valuation Time**" means the time specified in relation to a Reference Entity or, if no time is so specified, 11.00 a.m. in the principal trading market for the Reference Obligation or the Undeliverable Asset, as the case may be.

"Voting Shares" means those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

"Weighted Average Quotation" means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from CLN Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation or the Undeliverable Asset, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, of as large a size as available but less than the Quotation Amount (but of a size at least equal to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

ANNEX 2
EQUITY LINKED CONDITIONS

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

1. General

The Pricing Supplement for a particular issue of Equity Linked Notes shall specify the type of Equity Linked Notes, being Single Share Notes, Share Basket Notes, Single Index Notes, Index Basket Notes or such other type as may be specified in the Pricing Supplement.

2. Valuation, Market Disruption and Averaging Dates

(a) "**Valuation Date**" means each date specified as such in the applicable Pricing Supplement, each Knock-In Determination Day, and each Knock-Out Determination Day (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), subject to the provisions of Equity Linked Condition 2(c). If any Valuation Date is a Disrupted Day, then:

(i) in the case of a Single Index Note or Single Share Note, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days (or such other number of days specified in the Pricing Supplement as the Maximum Number of Disrupted Days) immediately following the Scheduled Valuation Date (and, as the case may be, the relevant Knock-In Determination Day or each Knock-Out Determination Day) is a Disrupted Day. In that case, (1) the last such Disrupted Day (the "**Last Disrupted Scheduled Trading Day**") shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (2) the Calculation Agent shall determine in its sole and absolute discretion:

(A) in respect of a Single Index Note, the level of the Index as of the Valuation Time on the Last Disrupted Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Last Disrupted Scheduled Trading Day of each security or other property comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Last Disrupted Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on the Last Disrupted Scheduled Trading Day); and

(B) in respect of a Single Share Note, its good faith estimate of the value for the Share as of the Valuation Time on the Last Disrupted Scheduled Trading Day;

(ii) in the case of an Index Basket Note, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Index, unless each of the eight Scheduled Trading Days (or such other number of days specified in the Pricing Supplement as the Maximum Number of Disrupted Days) immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Index. In that case, (i) the last such Disrupted Day (the "**Last Disrupted Scheduled Trading Day**") shall be deemed to be the Valuation Date for the relevant Index, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine, in its sole and

absolute discretion, the level of that Index as of the Valuation Time on the Last Disrupted Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Last Disrupted Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Last Disrupted Scheduled Trading Day, its good faith estimate of the value for each relevant security as of the Valuation Time on the Last Disrupted Scheduled Trading Day); and

(iii) in the case of a Share Basket Note, the Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and for each Share affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Share, unless each of the eight Scheduled Trading Days (or such other number of days specified in the Pricing Supplement as the Maximum Number of Disrupted Days) immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Share. In that case, (i) the last such Disrupted Day (the "**Last Disrupted Scheduled Trading Day**") shall be deemed to be the Valuation Date for the relevant Share, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine, in its sole and absolute discretion, its good faith estimate of the value for that Share (as the case may be) as of the Valuation Time on the Last Disrupted Scheduled Trading Day.

(b) For the purposes hereof:

"Scheduled Valuation Date" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

(c) If Averaging Dates are specified in the applicable Pricing Supplement as being applicable, then, notwithstanding any other provisions of these Equity Linked Conditions, the following provisions will apply to the valuation of the relevant Index, Share, Basket of Indices or Basket of Shares in relation to a Valuation Date:

(i) **"Averaging Date"** means, in respect of each Valuation Date, each date specified or otherwise determined as provided in the applicable Pricing Supplement (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day);

(ii) For purposes of determining the Settlement Price in relation to a Valuation Date, the Settlement Price will be:

(A) in respect of a Single Index Note or a Single Share Note, the arithmetic mean of the Relevant Prices of the Index or the Shares (as the case may be) on each Averaging Date;

(B) in respect of an Index Basket Note, the arithmetic mean of the amounts for the Basket of Indices determined by the Calculation Agent in its sole and absolute discretion as provided in the applicable Pricing Supplement as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Settlement Price are so provided, the arithmetic mean of the amounts for the Basket calculated on each Averaging Date as the sum of the Relevant Prices of each Index comprised in the Basket (weighted or adjusted in relation to each Index as provided in the applicable Pricing Supplement); and

(C) in respect of a Share Basket Note, the arithmetic mean of the amounts for the Basket of Shares determined by the Calculation Agent in its sole and absolute discretion as provided in the applicable Pricing Supplement as of the relevant Valuation Time(s) on each Averaging

Date or, if no means for determining the Settlement Price is so provided, the arithmetic mean of the amounts for the Basket calculated on each Averaging Date as the sum of the Relevant Prices of each Share comprised in the Basket (weighted or adjusted in relation to each Share as provided in the applicable Pricing Supplement).

- (d) If an Averaging Date is a Disrupted Day, then if, in relation to "**Averaging Date Disruption**", the consequence specified in the applicable Pricing Supplement is:
- (i) "**Omission**", then such Averaging Date will be deemed not to be a relevant Averaging Date for the purposes of determining the relevant Settlement Price **provided that**, if through the operation of this provision no Averaging Date would occur with respect to the relevant Valuation Date, then Equity Linked Condition 2(a) will apply for purposes of determining the relevant level, price or amount on the final Averaging Date in respect of that Valuation Date as if such final Averaging Date were a Valuation Date that was a Disrupted Day;
 - (ii) "**Postponement**", then Equity Linked Condition 2(a) will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date for the relevant Notes; or
 - (iii) "**Modified Postponement**", then:
 - (A) in the case of a Single Index Note or a Single Share Note, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the last Scheduled Trading Day in the period of eight Scheduled Trading Days (or such other number of days specified in the Pricing Supplement as the Maximum Number of Disrupted Days) immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in relation to the relevant Scheduled Valuation Date, then (A) such Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine, in its sole and absolute discretion, the relevant level or price for that Averaging Date in accordance with (x) in the case of a Single Index Note, Equity Linked Condition 2(a)(i)(A) and (y) in the case of a Single Share Note, Equity Linked Condition 2(a)(i)(B);
 - (B) in the case of an Index Basket Note or a Share Basket Note, the Averaging Date for each Index or Share (as the case may be) not affected by the occurrence of a Disrupted Day shall be the date specified in the applicable Pricing Supplement as an Averaging Date in relation to the relevant Valuation Date, and the Averaging Date for an Index or Share (as the case may be) affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index or Share (as the case may be). If the first succeeding Valid Date in relation to such Index or Share (as the case may be) has not occurred as of the Valuation Time on the last Scheduled Trading Day in the period of eight Scheduled Trading Days (or such other number of days specified in the Pricing Supplement as the Maximum Number of Disrupted Days) immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in relation to the relevant Scheduled Valuation Date, then (A) such Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date) in relation to such Index or

Share (as the case may be), and (B) the Calculation Agent shall determine, in its sole and absolute discretion, the relevant level or amount for that Averaging Date in accordance with (x) in the case of an Index Basket Note, Equity Linked Condition 2(a)(ii) and (y) in the case of a Share Basket Note, Equity Linked Condition 2(a)(iii); and

- (C) "**Valid Date**" shall mean a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not, or is not deemed to, occur.
- (e) If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Maturity Date or, as the case may be, the relevant Physical Settlement Date or (ii) the occurrence of an Extraordinary Event, an Index Adjustment Event, a Potential Adjustment Event or an Additional Disruption Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

3. **Adjustments to Indices**

This Equity Linked Condition 3 (*Adjustments to Indices*) is applicable only in relation to Notes specified in the applicable Pricing Supplement as being Single Index Notes or Index Basket Notes.

- (a) **Successor Index:** If a relevant Index is (i) not calculated and announced by the Index Sponsor, but is calculated and announced by a successor sponsor acceptable to the Calculation Agent in its sole and absolute discretion or (ii) replaced by a Successor Index using, in the determination of the Calculation Agent (such determination to be at the Calculation Agent's sole and absolute discretion), the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that index (the "**Successor Index**") will be deemed to be the Index.
- (b) **Index Adjustment Events:** If (i) on or prior to any Valuation Date, a relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent securities and capitalisation and other routine events) (an "**Index Modification**") or permanently cancels the Index and no Successor Index exists (an "**Index Cancellation**") or (ii) on any Valuation Date the Index Sponsor fails to calculate and announce a relevant Index (an "**Index Disruption**" (**provided that** the Calculation Agent may, in its sole and absolute discretion, determine that, in respect of a Multi-Exchange Index, such failure to calculate and announce such Index shall instead be a Disrupted Day in respect of such Index), and together with an Index Modification and an Index Cancellation, each an "**Index Adjustment Event**"), then (A) in the case of an Index Modification or an Index Disruption, the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall calculate in its sole and absolute discretion the relevant Settlement Price, Relevant Price or any other variable relevant to the redemption, settlement, payment or other terms of the relevant Notes as the Calculation Agent determines, in its sole and absolute discretion, to be appropriate to account for the Index Modification or Index Disruption using, in lieu of a published level for that Index, the level for that Index as at that Valuation Date as determined by the Calculation Agent in its sole and absolute discretion in accordance with the formula for and method of calculating that Index last in effect prior to that change, failure or cancellation, but using only those securities that comprised that Index immediately prior to that Index Adjustment Event and (B) in the case of an Index Cancellation, the Issuer may, at any time thereafter and in its sole and absolute discretion, determine that the Notes shall be redeemed as of any later date. If the Issuer so determines that the Notes shall be redeemed, then the Issuer shall give not less than five Business Days' notice to the Noteholders to redeem the Notes and upon redemption the Issuer will pay in respect of each Note an amount equal to the fair market value of such Note, on such day as is selected by the Calculation Agent in its sole and absolute discretion (**provided that** such day is not more than 15 days before the date fixed for

redemption of the Note), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements, all as calculated by the Calculation Agent in its sole and absolute discretion. The Issuer's obligations under the Notes shall be satisfied in full upon payment of such amount. If the Issuer determines that the relevant Notes shall continue, the Calculation Agent may make such adjustment as the Calculation Agent, in its sole and absolute discretion, considers appropriate, if any, to the formula for the Final Redemption Amount and/or the Settlement Price set out in the applicable Pricing Supplement and any other variable relevant to the redemption, settlement or payment terms of the Notes, which change or adjustment shall be effective on such date as the Calculation Agent shall determine.

- (c) **Correction of Index Levels:** If the level of an Index published by the Index Sponsor and which is utilised by the Calculation Agent for any calculation or determination (the "**Original Determination**") under the Notes is subsequently corrected and the correction (the "**Corrected Value**") is published by the Index Sponsor by such time as may be specified in the applicable Pricing Supplement (or, if none is so specified, within one Settlement Cycle after the original publication and prior to the Maturity Date), then the Calculation Agent will notify the Issuer and the Fiscal Agent of the Corrected Value as soon as reasonably practicable and shall determine the relevant value (the "**Replacement Determination**") using the Corrected Value. If the result of the Replacement Determination is different from the result of the Original Determination, to the extent that it determines to be necessary and practicable, the Calculation Agent may adjust any relevant terms of the Notes accordingly.
- (d) **Notice:** Upon the occurrence of an Index Adjustment Event, the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with General Condition 14 (*Notices*) giving details of the action proposed to be taken in relation thereto.

4. **Adjustments affecting Shares**

This Equity Linked Condition 4 (*Adjustments affecting Shares*) is applicable only in relation to Single Share Notes and Share Basket Notes.

- (a) **Adjustments for Potential Adjustment Events:** Following the declaration by the Share Issuer of the terms of a Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, will (i) make such adjustment as it in its sole and absolute discretion considers appropriate, if any, to the formula for the Final Redemption Amount and/or the Settlement Price set out in the applicable Pricing Supplement, the number of Shares to which each Note relates, the number or weighting of Shares comprised in a Basket of Shares, the amount, the number of or type of shares or other securities which may be delivered in respect of such Notes and/or any other adjustment and, in any case, any other variable relevant to the exercise, settlement, payment or other terms of the relevant Notes as the Calculation Agent determines, in its sole and absolute discretion, to be appropriate to account for that diluting or concentrative effect and (ii) determine, in its sole and absolute discretion, the effective date(s) of such adjustment(s).
- (b) **Correction of Share Prices:** If any price published on the Exchange and which is utilised by the Calculation Agent for any calculation or determination (the "**Original Determination**") under the Notes is subsequently corrected and the correction (the "**Corrected Value**") is published by the Exchange by such time as may be specified in the applicable Pricing Supplement (or, if none is so specified, within one Settlement Cycle after the original publication and prior to the Maturity Date), then the Calculation Agent will notify the Issuer and the Fiscal Agent of the Corrected Value as soon as reasonably practicable and shall determine the relevant value (the "**Replacement Determination**") using the Corrected Value. If the result of the Replacement Determination is different from the result of the Original Determination, to the extent

that it determines to be necessary and practicable, the Calculation Agent may adjust any relevant terms accordingly.

5. **Extraordinary Events**

This Equity Linked Condition 5 (*Extraordinary Events*) is applicable only in relation to Notes specified in the applicable Pricing Supplement as being Single Share Notes or Share Basket Notes.

(a) **Merger Event or Tender Offer:**

- (i) Following the occurrence of any Merger Event or Tender Offer, the Issuer will, in its sole and absolute discretion, determine whether the relevant Notes shall continue or shall be redeemed early.
- (ii) If the Issuer determines that the relevant Notes shall continue, the Calculation Agent may make such adjustment as the Calculation Agent, in its sole and absolute discretion, considers appropriate, if any, to the formula for the Final Redemption Amount and/or the Settlement Price set out in the applicable Pricing Supplement, the number or weighting of Shares to which each Note relates, the number of Shares comprised in a Basket of Shares (as the case may be), the amount, the number of or type of shares or other securities which may be delivered under such Notes and, in any case, any other variable relevant to the redemption, settlement, or payment terms of the relevant Notes and/or any other adjustment, which change or adjustment shall be effective on such date as the Calculation Agent shall determine.
- (iii) If the Issuer determines that the relevant Notes shall be redeemed early, then the Issuer shall give not less than five Business Days' notice to the Noteholders to redeem the Notes and the Issuer's obligations under the Notes shall be satisfied in full upon payment of the Merger Event Settlement Amount (in the case of a Merger Event) or Tender Offer Settlement Amount (in the case of a Tender Offer).
- (iv) For the purposes hereof:

"Merger Date" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent, in its sole and absolute discretion;

"Merger Event" means, in respect of any relevant Shares and as determined by the Calculation Agent, any: (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Share Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Share Issuer that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Share Issuer or its subsidiaries with or into another entity in which the Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event (a **"Reverse Merger"**), in each case if the

Merger Date is on or before, (A) if Physical Settlement is specified in the applicable Pricing Supplement as applying in relation to any Note, the later to occur of the Maturity Date and the Physical Settlement Date or, (B) in any other case, the final Valuation Date.

"Merger Event Settlement Amount" means in respect of each Note, an amount equal to the fair market value of such Note, on such day as is selected by the Calculation Agent in its sole and absolute discretion (**provided that** such day is not more than 15 days before the date fixed for redemption of the Note), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements, all as calculated by the Calculation Agent in its sole and absolute discretion.

"Tender Offer" means, in respect of any Shares and as determined by the Calculation Agent, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Share Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

"Tender Offer Date" means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained, as determined by the Calculation Agent in its sole and absolute discretion.

"Tender Offer Settlement Amount" means, in respect of each Note, an amount equal to the fair market value of such Note, on such day as is selected by the Calculation Agent in its sole and absolute discretion (**provided that** such day is not more than 15 days before the date fixed for redemption of the Note), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements, all as calculated by the Calculation Agent in its sole and absolute discretion.

(b) Nationalisation, Insolvency and Delisting:

(i) If in the determination of the Calculation Agent:

- (A) all the Shares or all or substantially all the assets of a Share Issuer, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof ("**Nationalisation**"); or
- (B) by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of, or any analogous proceeding affecting, a Share Issuer (1) all the Shares of that Share Issuer are required to be transferred to a trustee, liquidator or other similar official or (2) holders of the Shares of that Share Issuer become legally prohibited from transferring them ("**Insolvency**"); or
- (C) the Exchange announces that pursuant to the rules of such Exchange the Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re listed, re traded or re quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any Member State of the European Union) ("**Delisting**"),

then the Issuer will, in its sole and absolute discretion, determine whether or not the Notes shall continue.

- (ii) If the Issuer determines that the relevant Notes shall continue, the Calculation Agent may make such adjustment as the Calculation Agent, in its sole and absolute discretion, considers appropriate, if any, to the formula for the Final Redemption Amount and/or the Settlement Price set out in the applicable Pricing Supplement, the number or weighting of Shares to which each Note relates, the number of Shares comprised in a Basket of Shares, the amount, the number of or type of shares or other securities which may be delivered under such Notes and, in any case, any other variable relevant to the redemption, settlement or payment terms of the relevant Notes and/or any other adjustment, which change or adjustment shall be effective on such date as the Calculation Agent shall determine.
- (iii) If the Issuer determines that the relevant Notes shall be redeemed early, then the Issuer shall give not less than five Business Days' notice to redeem the Notes. The Issuer's obligations under the Notes shall be satisfied in full upon payment of, in respect of each Note, an amount equal to the fair market value of such Note, on such day as is selected by the Calculation Agent in its sole and absolute discretion (**provided that** such day is not more than 15 days before the date fixed for redemption of the Note), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements, all as calculated by the Calculation Agent in its sole and absolute discretion.

6. **Additional Disruption Events**

- (a) Following the occurrence of an Additional Disruption Event, the Issuer will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue or be redeemed early.
- (b) If the Issuer determines that the relevant Notes shall continue, the Calculation Agent may make such adjustment as the Calculation Agent, in its sole and absolute discretion, considers appropriate, if any, to the formula for the Final Redemption Amount and/or the Settlement Price set out in the applicable Pricing Supplement, the number or weighting of Shares to which each Note relates, the number of Shares comprised in a Basket, the amount, the number of or type of shares or other securities or assets which may be delivered under such Notes and, in any case, any other variable relevant to the redemption, settlement, or payment terms of the relevant Notes and/or any other adjustment (including without limitation, in relation to Share Basket Notes or Index Basket Notes, the removal of any Shares or Index, as the case may be, affected by the relevant Additional Disruption Event, and the adjustment of such terms of the Notes as the Calculation Agent considers to be appropriate as a result of such removal), which change or adjustment shall be effective on such date as the Calculation Agent shall determine.
- (c) If the Issuer determines that the relevant Notes shall be redeemed early, then the Issuer shall give not less than five Business Days' notice to redeem the Notes and the Issuer's obligations under the Notes shall be satisfied in full upon payment in respect of each Note of an amount equal to the fair market value of such Note, on such day as is selected by the Calculation Agent in its sole and absolute discretion (**provided that** such day is not more than 15 days before the date fixed for redemption of the Note), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements, all as calculated by the Calculation Agent in its sole and absolute discretion.

(d) The Issuer shall as soon as reasonably practicable under the circumstances notify the Fiscal Agent and the Calculation Agent of the occurrence of an Additional Disruption Event.

(e) For the purposes hereof:

"**Additional Disruption Event**" means with respect to any Series of Notes (unless otherwise specified in the applicable Pricing Supplement) a Change in Law, Hedging Disruption, Increased Cost of Hedging, Loss of Stock Borrow and Increased Cost of Stock Borrow, and any further event or events as may be specified in the applicable Pricing Supplement as an Additional Disruption Event with respect to such Notes.

7. **Partial Lookthrough Depositary Receipt Provisions**

(a) Where the applicable Pricing Supplement specifies that the "**Partial Lookthrough Depositary Receipt Provisions**" shall apply to a Share, then the provisions set out in this Equity Linked Condition 7 (*Partial Lookthrough Depositary Receipt Provisions*) shall apply, and, in relation to such Share, the other provisions of this Annex shall be deemed to be amended and modified as set out in this Equity Linked Condition 7 (*Partial Lookthrough Depositary Receipt Provisions*).

(b) The definition of "**Potential Adjustment Event**" shall be amended so that it reads as follows:

"**Potential Adjustment Event**" means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Shares and/or Underlying Shares (unless resulting in a Merger Event), or a free distribution or dividend of any such Shares and/or Underlying Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Shares and/or Underlying Shares specified in the applicable Pricing Supplement of (A) such Shares and/or Underlying Shares, (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of a Share Issuer or Underlying Share Issuer, as appropriate, equally or proportionately with such payments to holders of such Shares and/or Underlying Shares, (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Issuer or Underlying Share Issuer, as appropriate, as a result of a spin-off or other similar transaction or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an Extraordinary Dividend;
- (iv) a call by a Share Issuer or Underlying Share Issuer, as appropriate, in respect of relevant Shares and/or Underlying Shares that are not fully paid;
- (v) a repurchase by a Share Issuer or Underlying Share Issuer, as appropriate, or any of its subsidiaries of relevant Shares and/or Underlying Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of a Share Issuer or Underlying Share Issuer, as appropriate, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Share Issuer or Underlying Share Issuer, as appropriate, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as

determined by the Calculation Agent, **provided that** any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights;

- (vii) any other event having, in the opinion of the Calculation Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Shares and/or Underlying Shares; and
- (viii) the making of any amendment or supplement to the terms of the Deposit Agreement,

provided that an event under (i) to (vii) (inclusive) above in respect of Underlying Shares shall not constitute a Potential Adjustment Event unless, in the opinion of the Calculation Agent, such event has a diluting or concentrative effect on the theoretical value of the Shares."

- (c) If the Calculation Agent determines that:
 - (i) an event under (i) to (vii) (inclusive) of the definition of "**Potential Adjustment Event**" has occurred in respect of any Underlying Shares; or
 - (ii) an event under (viii) of the definition of "**Potential Adjustment Event**" has occurred, the Calculation Agent will determine whether such Potential Adjustment Event has an economic effect on the Notes,

and, in each case, the Calculation Agent will make the corresponding adjustment(s), if any, to one or more of any variable relevant to the exercise, settlement, payment or other terms of these Equity Linked Conditions and/or the applicable Pricing Supplement as the Calculation Agent determines appropriate to account for (A) in respect of an event under (i) to (vii) (inclusive) of the definition of "**Potential Adjustment Event**", the diluting or concentrative effect on the theoretical value of the Shares, and (B) in respect of an event under (viii) of the definition of "Potential Adjustment Event", such economic effect on the Notes, as the case may be (**provided that** no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share), following the Potential Adjustment Event. The Calculation Agent may (among other factors) have reference to any adjustment made by the Depositary under the Deposit Agreement.

If the Calculation Agent determines that no adjustment that it could make will produce a commercially reasonable result, it shall notify the Issuer and the Noteholders that the relevant consequence shall be the early redemption of the Notes, in which case, on such date as selected by the Calculation Agent in its sole and absolute discretion, the Issuer shall redeem the Notes upon prior notice made to the Noteholders, and the Issuer will cause to be paid to each Noteholder in respect of each Note held by it an amount equal to the Early Redemption Amount of such Notes.

- (d) The definitions of "**Merger Event**" and "**Tender Offer**" shall be amended in accordance with the DR Amendment.
- (e) If the Calculation Agent determines that a Merger Event or Tender Offer has occurred in respect of any Underlying Share, then, where the Calculation Agent makes an adjustment to these Equity Linked Conditions and/or the applicable Pricing Supplement in connection with a Merger Event or Tender Offer, the Calculation Agent may (among other factors) have reference to any adjustment made by the Depositary under the Deposit Agreement.
- (f) The definitions of "**Nationalisation**", "**Insolvency**" and "**Delisting**" shall be amended in accordance with the DR Amendment.
- (g) Notwithstanding anything to the contrary in the definition of "Delisting", a Delisting shall not occur in respect of any Underlying Share if such Underlying Shares are immediately relisted, re-traded or re-quoted on an exchange or quotation system regardless of the location of such exchange or quotation system.

- (h) If the Calculation Agent determines that a Nationalisation or Insolvency has occurred in respect of a Share or the Depositary, then, notwithstanding anything to the contrary herein, the Calculation Agent may determine that the affected Share be substituted with Replacement DRs and may make any appropriate adjustments to the terms of these Equity Linked Conditions and/or the applicable Pricing Supplement. In such case, the Issuer shall not redeem the Notes early and, following such replacement, references to Shares herein shall be replaced by references to such Replacement DRs, and the Calculation Agent will determine the effective date of any adjustments.
- (i) If the Calculation Agent determines that a Delisting of Shares has occurred or if the Depositary announces that the Deposit Agreement is (or will be) terminated, then, notwithstanding anything to the contrary herein, the Calculation Agent may determine that the affected Share be substituted with Replacement DRs or the Underlying Shares and may make any appropriate adjustments to the terms of these Equity Linked Conditions and/or the applicable Pricing Supplement. In such case, the Issuer shall not redeem the Notes early and, following such replacement, references to Shares herein shall be replaced by references to such Replacement DRs or the Underlying Shares, as applicable, and the Calculation Agent will determine the effective date of any adjustments.
- (j) The definition of "**Hedging Disruption**" and "**Increased Cost of Hedging**" shall each be amended as follows:
 - (i) the words "any transaction(s) or asset(s) it deems necessary to hedge the Issuer's risk of entering into and performing its obligations with respect to the Notes" shall be deleted and replaced with the words "any Share(s)"; and
 - (ii) the words "any such transaction(s) or asset(s)" shall be deleted and replaced by the words "any Share(s)".
- (k) The definition of "**Change in Law**" shall be amended in accordance with the DR Amendment.

For the avoidance of doubt, where a provision is amended pursuant to this Equity Linked Condition 7 (*Partial Lookthrough Depositary Receipt Provisions*) in accordance with the DR Amendment, if the event described in such provision occurs in respect of the Underlying Share or the Underlying Share Issuer, then the consequence of such event shall be interpreted consistently with the DR Amendment and such event.

8. **Full Lookthrough Depositary Receipt Provisions**

- (a) Where the applicable Pricing Supplement specifies that the "**Full Lookthrough Depositary Receipt Provisions**" shall apply to a Share, then the provisions set out in this Equity Linked Condition 8 (*Full Lookthrough Depositary Receipt Provisions*) shall apply, and, in relation to such Share, the other provisions of this Annex (*Provisions relating to Equity Linked Notes*) shall be deemed to be amended and modified as set out in this Equity Linked Condition 8 (*Full Lookthrough Depositary Receipt Provisions*).
- (b) The definition of "**Potential Adjustment Event**" shall be amended so that it reads as follows:

"**Potential Adjustment Event**" means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Shares and/or Underlying Shares (unless resulting in a Merger Event), or a free distribution or dividend of any such Shares and/or Underlying Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Shares and/or Underlying Shares specified in the applicable Pricing Supplement of (A) such Shares and/or Underlying Shares, (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of a Share

Issuer or Underlying Share Issuer, as appropriate, equally or proportionately with such payments to holders of such Shares and/or Underlying Shares, (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Issuer or Underlying Share Issuer, as appropriate, as a result of a spin-off or other similar transaction or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;

- (iii) an Extraordinary Dividend;
- (iv) a call by a Share Issuer or Underlying Share Issuer, as appropriate, in respect of relevant Shares and/or Underlying Shares that are not fully paid;
- (v) a repurchase by a Share Issuer or Underlying Share Issuer, as appropriate, or any of its subsidiaries of relevant Shares and/or Underlying Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of a Share Issuer or Underlying Share Issuer, as appropriate, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Share Issuer or Underlying Share Issuer, as appropriate, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, **provided that** any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights;
- (vii) any other event having, in the opinion of the Calculation Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Shares and/or Underlying Shares; and
- (viii) the making of any amendment or supplement to the terms of the Deposit Agreement,

provided that an event under (i) to (vii) (inclusive) above in respect of Underlying Shares shall not constitute a Potential Adjustment Event unless, in the opinion of the Calculation Agent, such event has a diluting or concentrative effect on the theoretical value of the Shares."

- (c) If the Calculation Agent determines that:
 - (i) an event under (i) to (vii) (inclusive) of the definition of "**Potential Adjustment Event**" has occurred in respect of any Underlying Shares; or
 - (ii) an event under (viii) of the definition of "**Potential Adjustment Event**" has occurred, the Calculation Agent will determine whether such Potential Adjustment Event has an economic effect on the Notes,

and, in each case, the Calculation Agent will make the corresponding adjustment(s), if any, to one or more of any variable relevant to the exercise, settlement, payment or other terms of these Equity Linked Conditions and/or the applicable Pricing Supplement as the Calculation Agent determines appropriate to account for (A) in respect of an event under (i) to (vii) (inclusive) of the definition of "**Potential Adjustment Event**", the diluting or concentrative effect on the theoretical value of the Shares, and (B) in respect of an event under (viii) of the definition of "**Potential Adjustment Event**", such economic effect on the Notes, as the case may be (**provided that** no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share), following the Potential Adjustment Event. The Calculation Agent may (among other factors) have reference to any adjustment made by the Depositary under the Deposit Agreement.

If the Calculation Agent determines that no adjustment that it could make will produce a commercially reasonable result, it shall notify the Issuer and the Noteholders that the relevant consequence shall be the early redemption of the Notes, in which case, on such date as selected by the Calculation Agent in its sole and absolute discretion, the Issuer shall redeem the Notes upon prior notice made to the Noteholders, and the Issuer will cause to be paid to each Noteholder in respect of each Note held by it an amount equal to the Early Redemption Amount of such Notes.

- (d) The definitions of "**Merger Event**" and "**Tender Offer**" shall be amended in accordance with the DR Amendment.
- (e) If the Calculation Agent determines that a Merger Event or Tender Offer has occurred in respect of an Underlying Share, then, where the Calculation Agent makes an adjustment to these Equity Linked Conditions and/or the applicable Pricing Supplement in connection with a Merger Event or Tender Offer, the Calculation Agent may (among other factors) have reference to any adjustment made by the Depository under the Deposit Agreement.
- (f) The definitions of "**Nationalisation**", "**Insolvency**" and "**Delisting**" shall be amended in accordance with the DR Amendment.
- (g) If the Calculation Agent determines that a Nationalisation or Insolvency has occurred in respect of a Share or the Depository, then, notwithstanding anything to the contrary herein, the Calculation Agent may determine that the affected Share be substituted with Replacement DRs and may make any appropriate adjustments to the terms of these Equity Linked Conditions and/or the applicable Pricing Supplement. In such case, the Issuer shall not redeem the Notes early and, following such replacement, references to Shares herein shall be replaced by references to such Replacement DRs, and the Calculation Agent will determine the effective date of any adjustments.
- (h) If the Calculation Agent determines that a Delisting of Shares has occurred or if the Depository announces that the Deposit Agreement is (or will be) terminated, then, notwithstanding anything to the contrary herein, the Calculation Agent may determine that the affected Share be substituted with Replacement DRs or the Underlying Shares and may make any appropriate adjustments to the terms of these Equity Linked Conditions and/or the applicable Pricing Supplement. In such case, the Issuer shall not redeem the Notes early and, following such replacement, references to Shares herein shall be replaced by references to such Replacement DRs or the Underlying Shares, as applicable, and the Calculation Agent will determine the effective date of any adjustments.
- (i) The definition of any Additional Disruption Event specified as applicable in the applicable Pricing Supplement shall be amended in accordance with the DR Amendment.
- (j) The definitions of "**Exchange Business Day**", "**Scheduled Closing Time**", "**Scheduled Trading Day**", "**Trading Disruption**", "**Exchange Disruption**", "**Early Closure**" and "**Disrupted Day**" which relate to the Exchange shall be deemed to include a reference to the primary exchange on which the Underlying Shares are traded, as determined by the Calculation Agent.
- (k) The definitions of "**Market Disruption Event**", "**Trading Disruption**" and "**Exchange Disruption**" shall be amended in accordance with the DR Amendment.

For the avoidance of doubt, where a provision is amended pursuant to this Equity Linked Condition 8 (*Full Lookthrough Depository Receipt Provisions*) in accordance with the DR Amendment, if the event described in such provision occurs in respect of the Underlying Share or the Underlying Share Issuer, then the consequence of such event shall be interpreted consistently with the DR Amendment and such event.

9. **Knock-In Event and Knock-Out Event**

- (a) Where the applicable Pricing Supplement specifies that either "Knock-In Event" or "Knock-Out Event" shall apply, then the provisions set out in this Equity Linked Condition 9 (*Knock-In Event and Knock-Out Event*) shall apply, and:
- (i) if a "Knock-In Event" is specified in the Pricing Supplement, then, unless otherwise specified in such Pricing Supplement, the payment and/or delivery provisions under the Notes which are expressed to be subject to a Knock-In Event shall be conditional upon the occurrence of such Knock-In Event.
 - (ii) if a "Knock-Out Event" is specified in the Pricing Supplement, then, unless otherwise specified in such Pricing Supplement, the payment and/or delivery provisions under the Notes which are expressed to be subject to a Knock-Out Event shall be conditional upon the occurrence of such Knock-Out Event.
- (b) If the Knock-In Valuation Time or the Knock-Out Valuation Time specified in the applicable Pricing Supplement is the Valuation Time and if on any Knock-In Determination Day or Knock-Out Determination Day, at any time during the one hour period that begins or ends at the Valuation Time, a Knock-In Event or a Knock-Out Event would otherwise have occurred and a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, then the Knock-in Event or the Knock-Out Event shall (unless otherwise specified in the applicable Pricing Supplement) be deemed not to have occurred; **provided that** if, by operation of this provision, no Knock-In Determination Day or Knock-Out Determination Day would occur in the Knock-In Determination Period or Knock-Out Determination Period, the Knock-In Period Ending Date or Knock-Out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the level or price, as applicable, of each affected Index Share or Share, as applicable, as at the Knock-In Valuation Time or Knock-Out Valuation Time in accordance with Equity Linked Condition 2(a) (*Valuation, Market Disruption and Averaging Dates*).
- (c) If the Knock-In Valuation Time or the Knock-Out Valuation Time specified in the applicable Pricing Supplement is any time or period of time other than the Valuation Time during the regular trading hours on the relevant Exchange and if on any Knock-In Determination Day or Knock-Out Determination Day, at any time during the one hour period that begins or ends at the time at which the Reference Level triggers the Knock-In Level or Knock-Out Level, a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, then the Knock-in Event or the Knock-Out Event shall (unless otherwise specified in the applicable Pricing Supplement) be deemed not to have occurred; **provided that** if, by operation of this provision, no Knock-In Determination Day or Knock-Out Determination Day would occur in the Knock-In Determination Period or Knock-Out Determination Period, the Knock-In Period Ending Date or Knock-Out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the level or price, as applicable, of each affected Index Share or Share, as applicable, as at the Knock-In Valuation Time or Knock-Out Valuation Time in accordance with Equity Linked Condition 2(a) (*Valuation, Market Disruption and Averaging Dates*).

10. **Share Substitution**

If "Share Substitution" is specified as applicable in the applicable Pricing Supplement, then on or after the relevant Merger Date, Delisting, Nationalisation, Insolvency, Tender Offer Date or Potential Adjustment Event, as the case may be, the Calculation Agent may adjust the Conditions and/or the applicable Pricing Supplement to include shares (the "**Substitute Shares**") selected by the Calculation Agent (such selection to be made in accordance with the criteria for share selection, if any, set out in the applicable Pricing Supplement, or if no criteria are so specified, selected from the same region(s) or sector(s) (if the Affected Shares were selected on the basis of region or sector) and, if the Affected Shares are quoted on an exchange or quotation system, quoted on an exchange or quotation system in the same region and with similar liquidity as the exchange or quotation system on which the Affected Shares are quoted, all as determined by the

Calculation Agent), in place of the Share(s) (for the purposes of this Equity Linked Condition 10, the "**Affected Share(s)**") which are affected by such Merger Event, Delisting, Nationalisation, Insolvency, Tender Offer or Potential Adjustment Event with effect from such date as the Calculation Agent determines. The Substitute Shares and the relevant issuer of such shares will, from the date so determined by the Calculation Agent, be deemed to be "Shares" and a "Share Issuer", respectively, for the purposes of the Notes. The Calculation Agent may make such adjustment as the Calculation Agent, in its sole and absolute discretion, considers appropriate, if any, to the formula for the Final Redemption Amount and/or the Settlement Price set out in the applicable Pricing Supplement, the number of Shares to which each Note relates, the number of Shares comprised in a Basket, the amount, the number of or type of shares or other securities or assets which may be delivered under such Notes and, in any case, any other variable relevant to the redemption, settlement, or payment terms of the relevant Notes and/or any other adjustment, which change or adjustment shall be effective on such date as the Calculation Agent shall determine.

11. **Autocall Early Redemption**

In respect of any Series of Notes for which the "Autocallable Early Redemption" provisions are specified as applicable in the applicable Pricing Supplement, the Notes shall be redeemed in whole but not in part at the Autocall Early Redemption Amount on the Autocall Early Redemption Date, and the Conditions shall be supplemented and modified by the terms and conditions set out in the applicable Pricing Supplement.

12. **Definitions applicable to Equity Linked Notes**

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

"**Autocall Early Redemption Amount**" means the amount determined in accordance with the applicable Pricing Supplement;

"**Autocall Early Redemption Date**" means the date determined in accordance with the applicable Pricing Supplement;

"**Basket**" means in relation to any Share Basket Notes, the Shares specified in the applicable Pricing Supplement as comprising the Basket and in relation to Index Basket Notes, the Indices specified in the applicable Pricing Supplement as comprising the Basket and in each case in the relative proportions specified in such Pricing Supplement;

"**Basket of Indices**" means, in relation to a particular Series, a basket comprising the Indices specified in the applicable Pricing Supplement in the relative proportions specified in such Pricing Supplement;

"**Basket of Shares**" means, in relation to a particular Series, a basket comprising Shares of each Share Issuer specified in the applicable Pricing Supplement in the relative proportions, weighting or number of Shares of each Share Issuer specified in such Pricing Supplement;

"**Change in Law**" means that, on or after the Trade Date (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that (x), in the case of Single Share Notes, Single Index Notes, Share Basket Notes or Index Basket Notes it has become illegal to hold, acquire or dispose of any relevant Shares or of any financial instrument or contract providing exposure to the Shares or Index or Indices (as the case may be), or (y) it will incur a materially increased cost in performing its obligations with respect to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

"**Components**" means in relation to an Index, the securities which comprise such Index (each a "**Component**" for such Index);

"Deposit Agreement" means, in relation to the Shares, the agreements or other instruments constituting the Shares, as from time to time amended or supplemented in accordance with their terms;

"Depository" means, where the applicable Pricing Supplement specifies that either the **"Partial Lookthrough Depository Receipt Provisions"** or the **"Full Lookthrough Depository Receipt Provisions"** shall apply to a Share, the issuer of the Shares or any successor issuer of the Shares from time to time;

"Disrupted Day" means (a) except with respect to a Multi-Exchange Index, any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred, and (b) with respect to any Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session or (iii) a Market Disruption Event has occurred;

"DR Amendment" means, in respect of the definitions of Merger Event, Tender Offer, Nationalisation, Insolvency, Delisting, Change in Law, any other Additional Disruption Event specified as applicable in the applicable Pricing Supplement, Exchange Disruption, Market Disruption Event and Trading Disruption, that the following changes shall be made to such definition or provision where provided for in this Annex:

- (a) all references to **"Shares"** shall be deleted and replaced with the words **"Shares and/or the Underlying Shares"**; and
- (b) all references to **"Share Issuer"** shall be deleted and replaced with the words **"Share Issuer"** or **"Underlying Share Issuer"**, as appropriate;

"Early Closure" means (a) except with respect to a Multi-Exchange Index, the closure on any Exchange Business Day of the relevant Exchange (or in the case of a Single Index Note or Index Basket Note, any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day and (b) with respect to any Multi-Exchange Index, the closure on any Exchange Business Day of the Exchange in respect of any Component or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day;

"Exchange" means:

- (a) in respect of an Index relating to Single Index Notes or Index Basket Notes other than a Multi-Exchange Index, each exchange or quotation system specified as such for such Index in the applicable Pricing Supplement or, if none is specified, the principal exchange or quotation system for trading in such Index, as determined by the Calculation Agent, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the shares underlying such Index has temporarily relocated, **provided that** the Calculation Agent has determined that there is comparable liquidity relative to the shares underlying such Index on such temporary substitute exchange or quotation system as on the original Exchange, and (ii) with respect to any Multi-Exchange Index, and in respect of each Component, the principal stock exchange on which such Component is principally traded, as determined by the Calculation Agent; and

- (b) in respect of a Share relating to Single Share Notes or Share Basket Notes, each exchange or quotation system specified as such for such Share in the applicable Pricing Supplement or, if none is specified, the principal exchange or quotation system for trading in such Share, as determined by the Calculation Agent, any successor to such Exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated, **provided that** the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange.

"Exchange Business Day" means (a) except with respect to a Multi-Exchange Index, any Scheduled Trading Day on which each Exchange and Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time and (b) with respect to any Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding any Exchange or the Related Exchange closing prior to its Scheduled Closing Time;

"Exchange Disruption" means (a) except with respect to a Multi-Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the Exchange (or in the case of Single Index Notes or Index Basket Notes, on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index), or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Shares, the relevant Index (as the case may be) on any relevant Related Exchange and (b) with respect to any Multi-Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for, (i) any Component on the Exchange in respect of such Component, or (ii) futures or options contracts relating to the Index on the Related Exchange;

"Extraordinary Dividend" means the dividend per Share or portion thereof, to be characterised as an Extraordinary Dividend as determined by the Calculation Agent;

"Extraordinary Event" means a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting;

"Hedging Disruption" means that a Hedging Party is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the Issuer's risk of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transactions or asset(s);

"Hedging Party" means the Issuer or any of its affiliates of the Issuer engaged in any underlying or hedging transactions relating to the Notes or in respect of the Issuer's obligations under the Notes;

"Increased Cost of Hedging" means that a Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the Issuer's risk of entering into and performing its obligations with respect to the Notes or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s) **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging;

"Increased Cost of Stock Borrow" means that the Hedging Party would incur a rate to borrow the Shares or of any financial instrument or contract providing exposure to the Shares or Index or Indices with respect to the Notes that is greater than the Initial Stock Loan Rate;

"Index" means any index specified as such in the applicable Pricing Supplement, subject to Equity Linked Condition 3 (*Adjustments to Indices*);

"Index Sponsor" means, in respect of an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Scheduled Trading Day;

"Initial Stock Loan Rate" means the stock loan rate specified as such in the applicable Pricing Supplement;

"Knock-In Determination Day" means the date(s) specified as such in the applicable Pricing Supplement or, if not so specified, each Scheduled Trading Day during the Knock-In Determination Period;

"Knock-In Determination Period" means the period which commences on, and includes, the Knock-In Period Beginning Date and ends on, and includes, the Knock-In Period Ending Date;

"Knock-In Event" means the Reference Level determined by the Calculation Agent as of the Knock-In Valuation Time on any Knock-In Determination Day is:

- (a) "greater than", "greater than or equal to", "less than", or "less than or equal to" the Knock-In Level; or
- (b) "within" the Knock-In Range,

in each case as specified in the applicable Pricing Supplement;

"Knock-In Level" means the level, price or amount specified as such or otherwise determined in the applicable Pricing Supplement, subject to adjustment from time to time in accordance with the provisions of these Equity Linked Conditions;

"Knock-In Period Beginning Date" means the date specified as such in the applicable Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day;

"Knock-In Period Ending Date" means the date specified as such in the applicable Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day;

"Knock-In Range" means the range of levels, prices, amounts, numbers or percentages specified as such or otherwise determined in the applicable Pricing Supplement, subject to adjustment from time to time in accordance with the provisions of these Equity Linked Conditions;

"Knock-In Valuation Time" means the time or period of time on any Knock-In Determination Day specified as such in the applicable Pricing Supplement (or, if not specified in the applicable Pricing Supplement, the Valuation Time) and for the purposes of Equity Linked Condition 2(a) (*Valuation, Market Disruption and Averaging Dates*) each such time shall be treated as a Valuation Time;

"Knock-Out Determination Day" means the date(s) specified as such in the applicable Pricing Supplement or, if not so specified, each Scheduled Trading Day during the Knock-Out Determination Period;

"Knock-Out Determination Period" means the period which commences on, and includes, the Knock-Out Period Beginning Date and ends on, and includes, the Knock-Out Period Ending Date;

"Knock-Out Event" means the Reference Level determined by the Calculation Agent as of the Knock-Out Valuation Time on any Knock-Out Determination Day is:

- (a) "greater than", "greater than or equal to", "less than", or "less than or equal to" the Knock-Out Level; or
- (b) "within" the Knock-Out Range,

in each case as specified in the applicable Pricing Supplement;

"Knock-Out Level" means the level, price or amount specified as such or otherwise determined in the applicable Pricing Supplement, subject to adjustment from time to time in accordance with the provisions of these Equity Linked Conditions;

"Knock-Out Period Beginning Date" means the date specified as such in the applicable Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day;

"Knock-Out Period Ending Date" means the date specified as such in the applicable Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day;

"Knock-Out Range" means the range of levels, prices, amounts, numbers or percentages specified as such or otherwise determined in the applicable Pricing Supplement, subject to adjustment from time to time in accordance with the provisions of these Equity Linked Conditions;

"Knock-Out Valuation Time" means the time or period of time on any Knock-Out Determination Day specified as such in the applicable Pricing Supplement (or, if not specified in the applicable Pricing Supplement, the Valuation Time) and for the purposes of Equity Linked Condition 2(a) (*Valuation, Market Disruption and Averaging Dates*) each such time shall be treated as a Valuation Time;

"Loss of Stock Borrow" means that a Hedging Party is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) the Shares or of any financial instrument or contract providing exposure to the Shares or Index or Indices with respect to the Notes in an amount which the Issuer deems necessary to hedge the risk of entering into and performing its obligations with respect to the Notes (not to exceed the number of the Shares or financial instruments or contracts underlying the Notes) at a rate equal to or less than the Maximum Stock Loan Rate;

"Market Disruption Event" means (a) in respect of a Share, an Index other than a Multi-Exchange Index or the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, or (iii) an Early Closure. For the purpose of determining whether a Market Disruption Event exists in respect of an Index at any time, if a Market Disruption Event occurs in respect of a security included in the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the Market Disruption Event occurred; and (b) with respect to any Multi-Exchange Index either (i)(A) the occurrence or existence, in respect of any Component, of (1) a Trading Disruption, (2) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component is principally traded, OR (3) an Early Closure; AND (B) the aggregate of all Components in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; OR (ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (A) a Trading Disruption, (B) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Related Exchange; or (C) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of a Component at any time, if a Market Disruption Event occurs in respect of such Component at that time, then the relevant percentage contribution of that Component to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component to (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data";

"Maximum Stock Loan Rate" means the stock loan rate specified as such in the applicable Pricing Supplement;

"Multi-Exchange Index" means any Index specified as such in the applicable Pricing Supplement;

"Observation Date" has the meaning given in the applicable Pricing Supplement;

"Observation Period" has the meaning given in the applicable Pricing Supplement;

"Potential Adjustment Event" means, in respect of Single Share Notes or Share Basket Notes:

- (a) a subdivision, consolidation or reclassification of a Share (unless resulting in a Merger Event), or a free distribution or dividend of Shares or to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of relevant Shares of (A) such Shares or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Issuer equally or proportionately with such payments to holders of such a Share, or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Issuer as a result of a spin off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (c) an Extraordinary Dividend;
- (d) a call by the Share Issuer in respect of relevant Shares that are not fully paid;
- (e) a repurchase by a Share Issuer (as the case may be) or any of its subsidiaries of Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (f) in respect of a Share Issuer, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Share Issuer pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides, upon the occurrence of certain events, for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, **provided that** any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (g) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares;

"Reference Level" means the level, price or amount specified as such or otherwise determined in the applicable Pricing Supplement, subject to adjustment from time to time in accordance with the provisions of these Equity Linked Conditions;

"Related Exchange", in respect of an Index relating to Single Index Notes or Index Basket Notes, a Share relating to Single Share Notes or Share Basket Notes, means the exchange specified as the Relevant Exchange in the applicable Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures and options contracts relating to such Index, Share has temporarily relocated (**provided that** the Calculation Agent has determined that there is comparable liquidity relative to the

futures or options contracts relating to such Index, Share on such temporary substitute exchange or quotation system as on the original Related Exchange) or, if none is specified, each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index, Share, as the case may be;

"Relevant Price" on any day means:

- (a) in respect of an Index to which a Single Index Note or an Index Basket Note relates, the level of such Index determined by the Calculation Agent as provided in the applicable Pricing Supplement as of the Valuation Time on the relevant day or, if no method for determining the Relevant Price is so provided, the level of the Index as of the Valuation Time on the relevant day; and
- (b) in respect of a Share to which a Single Share Note or a Share Basket Note relates, the price per Share determined by the Calculation Agent in the manner provided in the applicable Pricing Supplement as of the Valuation Time on the relevant day, or, if no means for determining the Relevant Price are so provided: (i) in respect of any Share for which the Exchange is an auction or "open outcry" exchange that has a price as of the Valuation Time at which any trade can be submitted for execution, the Relevant Price shall be the price per Share as of the Valuation Time on the relevant day, as reported in the official real time price dissemination mechanism for such Exchange; and (ii) in respect of any Share for which the Exchange is a dealer exchange or dealer quotation system, the Relevant Price shall be the mid point of the highest bid and lowest ask prices quoted as of the Valuation Time on the relevant day (or the last such prices quoted immediately before the Valuation Time) without regard to quotations that "lock" or "cross" the dealer exchange or dealer quotation system;

"Replacement DRs" means depositary receipts other than the Shares over the same Underlying Shares;

"Scheduled Closing Time" means in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of regular trading session hours;

"Scheduled Trading Day" means (a) except with respect to a Multi-Exchange Index, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading session, and (b) with respect to any Multi-Exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session;

"Settlement Cycle" means, in respect of a Share or Index, the period of Clearance System Business Days following a trade in such Share or the securities underlying such Index as the case may be, on the Exchange in which settlement will customarily occur according to the rules of such exchange (or, in respect of any Multi-Exchange Index, the longest such period) and for this purpose **"Clearance System Business Day"** means, in relation to a clearing system any day on which such clearing system is (or but for the occurrence of a Settlement Disruption Event would have been) open for acceptance and executions of settlement instructions;

"Settlement Price" means the price, level or amount determined by the Calculation Agent as provided in the applicable Pricing Supplement as of the Valuation Time on the Valuation Date or, if no means for determining the Settlement Price are so provided:

- (a) in respect of a Single Share Note, (i) in respect of any Share for which the Exchange is an auction or "open outcry" exchange that has a price as of the Valuation Time at which any trade can be submitted for execution, the Settlement Price shall be the price per Share as of the Valuation Time on the Valuation Date as reported in the official real-time price dissemination mechanism for such Exchange; and (ii) in respect of any Share for which the Exchange is a dealer exchange or dealer quotation system, the Settlement Price shall be the mid-point of the highest bid and lowest ask prices quoted as of the

Valuation Time on the Valuation Date (or the last such prices quoted immediately before the Valuation Time) without regard to quotations that "lock" or "cross" the dealer exchange or dealer quotation system;

- (b) in respect of a Share Basket Note, an amount for the Basket equal to the sum of the values of each Share comprised in the Basket (weighted or adjusted in relation to each Share as provided in the applicable Pricing Supplement);
- (c) in respect of a Single Index Note, the level of the Index as of the Valuation Time on the Valuation Date; or
- (d) in respect of an Index Basket Note, an amount for the Basket equal to the sum of the Relevant Prices (weighted or adjusted in relation to each Index as provided in the applicable Pricing Supplement) for the Indices comprised in the Basket,

or in each case, if applicable, in accordance with Equity Linked Condition 2(c) (*Valuation, Market Disruption and Averaging Dates*);

"Share" means, in relation to a particular Series of Notes, a share specified as such in the applicable Pricing Supplement, or, in the case of a Share Basket Note, a share forming part of a basket of shares to which such Note relates;

"Share Issuer" means the entity that is the issuer of the Share specified in the applicable Pricing Supplement;

"Trade Date" means the date specified as such in the applicable Pricing Supplement;

"Trading Disruption" means (a) except with respect to a Multi-Exchange Index, any suspension of or limitation imposed on trading by the Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange, Related Exchange or otherwise (i) relating to the Share on the Exchange, or, in the case of a Single Index Note or Index Basket Note, on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index or (ii) in futures or options contracts relating to the Share, the relevant Index or Indices on any relevant Related Exchange, and (b) with respect to any Multi-Exchange Index, any suspension of or limitation imposed on trading by the Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange or otherwise (i) relating to any Component on the Exchange in respect of such Component; or (ii) in futures or options contracts relating to the Index on the Related Exchange;

"Underlying Share" means, the share or other security which is the subject of the Deposit Agreement;

"Underlying Share Issuer" means the entity that is the issuer of the Underlying Share specified in the applicable Pricing Supplement; and

"Valuation Time" means the time specified as such in the applicable Pricing Supplement, or if no such time is specified, (a) save with respect to a Multi-Exchange Index, the Scheduled Closing Time on the relevant Exchange in relation to each Index, Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; and (b) with respect to any Multi-Exchange Index, (i) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component, the Scheduled Closing Time on the Exchange in respect of such Component and (y) in respect of any option contracts or futures contracts on the Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor.

ANNEX 3 FX LINKED CONDITIONS

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

1. **General**

The Pricing Supplement for a particular issue of FX Linked Notes shall specify the type of FX Linked Notes, being "FX Linked Interest Notes" and/or "FX Linked Redemption Notes" or such other type as may be specified in the Pricing Supplement.

2. **Valuation Date**

"**Valuation Date**" means, in respect of any Series of FX Linked Notes, the date(s) specified as such or otherwise determined as provided in the applicable Pricing Supplement **provided that** where the Valuation Date is not a Currency Business Day then the Valuation Date shall be the first preceding day that is a Currency Business Day, unless otherwise specified in the applicable Pricing Supplement. Unless otherwise specified in the applicable Pricing Supplement and subject to FX Linked Condition 3 (*Averaging*), the Valuation Date will be the date falling 5 (five) Currency Business Days prior to the Maturity Date.

3. **Averaging**

If Averaging Dates are specified in the applicable Pricing Supplement, then notwithstanding any other provisions of these FX Linked Conditions, the following provisions will apply to the determination of the Settlement Rate in relation to a Valuation Date:

- (a) "**Averaging Date**" means, in respect of a Valuation Date, each date specified as such or otherwise determined as provided in the applicable Pricing Supplement, **provided that** if any such date is not a Currency Business Day, such date shall be the first preceding day that is a Currency Business Day, unless otherwise specified in the applicable Pricing Supplement.
- (b) For purposes of determining the Settlement Rate in relation to a Valuation Date, the Settlement Rate will be the arithmetic mean of the Spot Rates on each Averaging Date (or, if different, the day on which rates for each Averaging Date would, in the ordinary course, be published or announced by the relevant price source).
- (c) Unless otherwise specified in the applicable Pricing Supplement, where the Calculation Agent determined that it is not possible to obtain the Spot Rate on an Averaging Date (or, if different, the day on which rates for that Averaging Date would, in the ordinary course, be published or announced by the relevant price source), such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Settlement Rate. If through the operation of this FX Linked Condition 3(c), there would not be an Averaging Date with respect to the relevant Valuation Date, the provisions of FX Linked Condition 5 (*FX Disruption Fallbacks*) shall apply for purposes of determining the relevant Spot Rate on the final Averaging Date with respect to that Valuation Date as if such Averaging Date were a Valuation Date on which a Price Source Disruption had occurred.

4. **FX Disruption Events**

- (a) If so specified in the Pricing Supplement relating to any Series of Notes, the following shall constitute "**FX Disruption Events**" for the purposes of such Series:
 - (i) Dual Exchange Rate;
 - (ii) General Inconvertibility;

- (iii) General Non-Transferability;
 - (iv) Illiquidity;
 - (v) Material Change in Circumstance;
 - (vi) Nationalisation;
 - (vii) Price Materiality;
 - (viii) Price Source Disruption; and/or
 - (ix) any other event that, in the opinion of the Calculation Agent, is analogous to any of (i) to (viii) above (inclusive).
- (b) If the applicable Pricing Supplement specifies that any FX Disruption Event shall be applicable to such Series, then, where the Calculation Agent determines that such FX Disruption Event occurs or has occurred and is continuing in respect of such Series:
- (i) in the case of Price Source Disruption, on the day that is the Valuation Date in respect of such Series (or, if different, the day on which rates for that Valuation Date would, in the ordinary course, be published or announced by the relevant price source); and
 - (ii) in the case of any other FX Disruption Event, on such day as may be specified for this purpose in the applicable Pricing Supplement,

then the Settlement Rate for such Series will be determined in accordance with the terms of the FX Disruption Fallback first applicable pursuant to FX Linked Condition 5 (*FX Disruption Fallbacks*).

5. **FX Disruption Fallbacks**

- (a) If so specified in the Pricing Supplement relating to any Series of Notes, the following shall constitute "**FX Disruption Fallbacks**" for the purposes of such Series, and the applicable Pricing Supplement shall specify which FX Disruption Fallback(s) shall apply to such Series, to which FX Disruption Event each such FX Disruption Fallback shall apply and, where more than one FX Disruption Fallback may apply to a FX Disruption Event, the order in which such FX Disruption Fallback(s) shall apply to such FX Disruption Event.
- (i) "**Calculation Agent Determination of Settlement Rate**" means that the Calculation Agent will determine, in its sole and absolute discretion, the Settlement Rate (or a method for determining the Settlement Rate), taking into consideration all available information that it deems relevant;
 - (ii) "**Fallback Reference Price**" means that the Calculation Agent will determine, in its sole and absolute discretion, the Settlement Rate for such Series on the relevant Valuation Date (or, if different, the day on which rates for that Valuation Date would, in the ordinary course, be published or announced) pursuant to Currency Reference Dealers, or pursuant to such other methodology or price sources as may be specified as the Fallback Reference Price in the applicable Pricing Supplement; and
 - (iii) any other provisions specified as FX Disruption Fallbacks in the applicable Pricing Supplement.
- (b) Where more than one FX Disruption Event occurs or exists or is deemed to occur or exist, then, unless the applicable Pricing Supplement has specified which FX Disruption Fallback shall apply in such circumstances, the Calculation Agent shall determine, in its sole and absolute discretion, which FX Disruption Fallback shall apply.

6. **Additional Disruption Events**

- (a) Following the occurrence of an Additional Disruption Event, the Issuer will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue or be redeemed early.
- (b) If the Issuer determines that the relevant Notes shall continue, the Calculation Agent may make such adjustment as the Calculation Agent, in its sole and absolute discretion, considers appropriate, if any, to any variable relevant to the redemption, settlement, or payment terms of the relevant Notes and/or any other adjustment which change or adjustment shall be effective on such date as the Calculation Agent shall determine.
- (c) If the Issuer determines that the relevant Notes shall be redeemed early, then the Issuer shall give not less than five Business Days' notice to redeem the Notes and the Issuer's obligations under the Notes shall be satisfied in full upon payment in respect of each Note of an amount equal to the fair market value of such Note, on such day as is selected by the Calculation Agent in its sole and absolute discretion (**provided that** such day is not more than 15 days before the date fixed for redemption of the Note), less the proportion attributable to that Note of the reasonable cost to the Issuer and/or any Affiliate of, or the loss realised by the Issuer and/or any Affiliate on, unwinding any related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion.
- (d) The Issuer shall as soon as reasonably practicable under the circumstances notify the Fiscal Agent and the Calculation Agent of the occurrence of an Additional Disruption Event.
- (e) For the purposes hereof:

"**Additional Disruption Event**" means, if specified as applicable in the applicable Pricing Supplement, with respect to any Series of Notes, a Change in Law, Hedging Disruption, Increased Cost of Hedging, and any further event or events as may be specified in the applicable Pricing Supplement.

7. **Knock-In Event and Knock-Out Event**

- (a) Where the applicable Pricing Supplement specifies that either "Knock-In Event" or "Knock-Out Event" shall apply, then the provisions set out in this FX Linked Condition 7 (*Knock-In Event and Knock-Out Event*) shall apply, and:
 - (i) if a "Knock-In Event" is specified in the Pricing Supplement, then, unless otherwise specified in such Pricing Supplement, the payment and/or delivery provisions under the Notes which are expressed to be subject to a Knock-In Event shall be conditional upon the occurrence of such Knock-In Event.
 - (ii) if a "Knock-Out Event" is specified in the Pricing Supplement, then, unless otherwise specified in such Pricing Supplement, the payment and/or delivery provisions under the Notes which are expressed to be subject to a Knock-Out Event shall be conditional upon the occurrence of such Knock-Out Event.
- (b) If the Knock-In Valuation Time or the Knock-Out Valuation Time specified in the applicable Pricing Supplement is the Valuation Time and if on any Knock-In Determination Day or Knock-Out Determination Day, at any time during the one hour period that begins or ends at the Valuation Time, a Knock-In Event or a Knock-Out Event would otherwise have occurred and a Price Source Disruption, an Illiquidity or a Dual Exchange Rate occurs or exists, then the Knock-in Event or the Knock-Out Event shall (unless otherwise specified in the applicable Pricing Supplement) be deemed not to have occurred; **provided that** if, by operation of this provision, no Knock-In Determination Day or Knock-Out Determination Day would occur in the Knock-In Determination Period or Knock-Out Determination Period, the Knock-In Period Ending Date or Knock-Out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the level of each affected rate, as at the Knock-In

Valuation Time or Knock-Out Valuation Time in accordance with FX Linked Conditions 2 (*Valuation Date*) and 3 (*Averaging*).

- (c) If the Knock-In Valuation Time or the Knock-Out Valuation Time specified in the applicable Pricing Supplement is any time or period of time other than the Valuation Time during the regular trading hours for the Settlement Currency, Reference Currency and/or Reference Currencies, as applicable, and if on any Knock-In Determination Day or Knock-Out Determination Day, at any time during the one hour period that begins or ends at the time at which the Reference Level triggers the Knock-In Level or Knock-Out Level, a Price Source Disruption, an Illiquidity or a Dual Exchange Rate occurs or exists, then the Knock-in Event or the Knock-Out Event shall (unless otherwise specified in the applicable Pricing Supplement) be deemed not to have occurred; **provided that** if, by operation of this provision, no Knock-In Determination Day or Knock-Out Determination Day would occur in the Knock-In Determination Period or Knock-Out Determination Period, the Knock-In Period Ending Date or Knock-Out Period Ending Date shall be treated as a Valuation Date and the Calculation Agent shall determine the level of each affected rate as at the Knock-In Valuation Time or Knock-Out Valuation Time in accordance with FX Linked Conditions 2 (*Valuation Date*) and 3 (*Averaging*).

8. **Unscheduled Holiday**

If the Calculation Agent determines that a date that would otherwise have been a Valuation Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day is an Unscheduled Holiday in respect of a Reference Currency, then such date shall be the immediately succeeding Currency Business Day after the occurrence of the Unscheduled Holiday, **provided that** if such Valuation Date, Averaging Date, Knock-in Determination Day or Knock-out Determination Day, as the case may be, has not occurred on or before the Maximum Days of Disruption then the next Currency Business Day that is not an Unscheduled Holiday shall be deemed to be the relevant date for valuation and the Settlement Rate shall be determined by the Calculation Agent on such day in its sole discretion taking into account relevant market practice and by reference to such additional source(s) as it deems appropriate.

9. **Autocall Early Redemption**

In respect of any Series of Notes for which the "Autocallable Early Redemption" provisions are specified as applicable in the applicable Pricing Supplement, the Notes shall be redeemed in whole but not in part at the Autocall Early Redemption Amount on the Autocall Early Redemption Date, and the Conditions shall be supplemented and modified by the terms and conditions set out in the applicable Pricing Supplement.

10. **Definitions applicable to FX Linked Notes**

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

"**Autocall Early Redemption Amount**" means the amount determined in accordance with the applicable Pricing Supplement;

"**Autocall Early Redemption Date**" means the date determined in accordance with the applicable Pricing Supplement;

"**Change in Law**" means that, on or after the Trade Date (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that (x) it has become illegal to hold, acquire or dispose of Hedge Positions or (y) it will incur a materially increased cost in performing its obligations with respect to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

"Currency Business Day" means, unless otherwise specified in the applicable Pricing Supplement, for the purposes of:

- (a) the definition of Valuation Date in FX Linked Condition 2 (*Valuation Date*), in respect of any Series of FX Linked Notes: (i) a day on which commercial banks are (or but for the occurrence of a FX Disruption Event, would have been) open for business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the Principal Financial Centre(s) of the Reference Currency or (ii) where the currency to be valued is euro, a day that is a TARGET Settlement Day and a Business Day; and
- (b) for any other purpose, in respect of any Series of FX Linked Notes: (i) a day on which commercial banks are open for general business (including dealings in foreign exchange in accordance with the market practice of the foreign exchange market) in the Principal Financial Centre(s) of the Reference Currency and (ii) where one of the Currency Pair is euro, a day that is a TARGET Settlement Day;

"Currency Pair" means the Reference Currency and the Settlement Currency;

"Currency Reference Dealers" means that the Settlement Rate or the Spot Rate for a Rate Calculation Date will be determined on the basis of quotations provided by Reference Dealers on that Rate Calculation Date of that day's Specified Rate, expressed as the amount of Reference Currency per one unit of Settlement Currency for settlement on the Maturity Date (or other relevant date for payment under the Notes). The Calculation Agent will request each of the Reference Dealers to provide a firm quotation of its Specified Rate for a transaction where the amount of Reference Currency equals the Specified Amount. If four quotations are provided, the rate for a Rate Calculation Date will be the arithmetic mean of the Specified Rates, without regard to the Specified Rates having the highest and lowest value. If exactly three quotations are provided, the rate for a Rate Calculation Date will be the Specified Rate provided by the Reference Dealer that remains after disregarding the Specified Rates having the highest and lowest values. For this purpose, if more than one quotation has the same highest value or lowest value, then the Specified Rate of one of such quotations shall be disregarded. If exactly two quotations are provided, the rate for a Rate Calculation Date will be the arithmetic mean of the Specified Rates. If only one quotation is provided, the rate for a Rate Calculation Date will be the Specified Rate quoted by that Reference Dealer. The quotations used to determine the Spot Rate for a Rate Calculation Date will be determined in each case at the Specified Time on that Rate Calculation Date, or, if no such time is specified, the time chosen by the Calculation Agent;

"Dual Exchange Rate" means, with respect to any Settlement Rate Option applicable to a Series of Securities, the occurrence of an event that splits any currency exchange rate specified in such Settlement Rate Option into dual or multiple currency exchange rates;

"Event Currency" means, unless otherwise specified in the applicable Pricing Supplement, the Reference Currency;

"Event Currency Jurisdiction" means each country for which the relevant Event Currency is the lawful currency;

"General Inconvertibility" means the occurrence of any event that generally makes it impossible to convert the Event Currency into the Non-Event Currency in the Event Currency Jurisdiction through customary legal channels;

"General Non-Transferability" means the occurrence of any event that generally makes impossible to deliver (A) the Non-Event Currency from accounts inside the Event Currency Jurisdiction to accounts outside the Event Currency Jurisdiction or (B) the Event Currency between accounts inside the Event Currency Jurisdiction or to a party that is a non resident of the Event Currency Jurisdiction;

"Governmental Authority" means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any

other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the Event Currency Jurisdiction;

"Hedge Positions" means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in foreign exchange or (ii) other instruments or arrangements (howsoever described) by a Hedging Party in order to hedge, individually or on a portfolio basis, the Notes;

"Hedging Disruption" means that a Hedging Party is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the Issuer's risk of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transactions or asset(s);

"Hedging Party" means the Issuer or any of its affiliates engaged in any underlying or hedging transactions relating to the Notes or in respect of the Issuer's obligations under the Notes;

"Illiquidity" means it becomes impossible to obtain a firm quote of any currency exchange rate contemplated in these FX Linked Conditions as applicable to the Notes for the Minimum Amount (either in one transaction or a commercially reasonable number of transactions that, when taken together, total the Minimum Amount) on any relevant Rate Calculation Date (or, if different, the day on which rates for that Rate Calculation Date would, in the ordinary course, be published or announced by the relevant price source);

"Increased Cost of Hedging" means that a Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the Issuer's risk of entering into and performing its obligations with respect to the Notes or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s) **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging;

"Knock-In Determination Day" means the date(s) specified as such in the applicable Pricing Supplement or, if not so specified, each Currency Business Day during the Knock-In Determination Period;

"Knock-In Determination Period" means the period which commences on, and includes, the Knock-In Period Beginning Date and ends on, and includes, the Knock-In Period Ending Date;

"Knock-In Event" means the Reference Level determined by the Calculation Agent as of the Knock-In Valuation Time on any Knock-In Determination Day is:

- (a) "greater than", "greater than or equal to", "less than", or "less than or equal to" the Knock-In Level; or
- (b) "within" the Knock-In Range,

in each case as specified in the applicable Pricing Supplement;

"Knock-In Level" means the level, price or amount specified as such or otherwise determined in the applicable Pricing Supplement, subject to adjustment from time to time in accordance with the provisions of these FX Linked Conditions;

"Knock-In Period Beginning Date" means the date specified as such in the applicable Pricing Supplement or, if such date is not a Currency Business Day, the next following Currency Business Day;

"Knock-In Period Ending Date" means the date specified as such in the applicable Pricing Supplement or, if such date is not a Currency Business Day, the next following Currency Business Day;

"Knock-In Range" means the range of levels, prices, amounts, numbers or percentages specified as such or otherwise determined in the applicable Pricing Supplement, subject to adjustment from time to time in accordance with the provisions of these FX Linked Conditions;

"Knock-In Valuation Time" means the time or period of time on any Knock-In Determination Day specified as such in the applicable Pricing Supplement (or, if not specified in the applicable Pricing Supplement, the Valuation Time) and for the purposes of FX Linked Conditions 2 (*Valuation Date*) and 3 (*Averaging*) each such time shall be treated as a Valuation Time;

"Knock-Out Determination Day" means the date(s) specified as such in the applicable Pricing Supplement or, if not so specified, each Currency Business Day during the Knock-Out Determination Period;

"Knock-Out Determination Period" means the period which commences on, and includes, the Knock-Out Period Beginning Date and ends on, and includes, the Knock-Out Period Ending Date;

"Knock-Out Event" means the Reference Level determined by the Calculation Agent as of the Knock-Out Valuation Time on any Knock-Out Determination Day is:

- (a) "greater than", "greater than or equal to", "less than", or "less than or equal to" the Knock-Out Level; or
- (b) "within" the Knock-Out Range,

in each case as specified in the applicable Pricing Supplement;

"Knock-Out Level" means the level, price or amount specified as such or otherwise determined in the applicable Pricing Supplement, subject to adjustment from time to time in accordance with the provisions of these FX Linked Conditions;

"Knock-Out Period Beginning Date" means the date specified as such in the applicable Pricing Supplement or, if such date is not a Currency Business Day, the next following Currency Business Day;

"Knock-Out Period Ending Date" means the date specified as such in the applicable Pricing Supplement or, if such date is not a Currency Business Day, the next following Currency Business Day;

"Knock-Out Range" means the range of levels, prices, amounts, numbers or percentages specified as such or otherwise determined in the applicable Pricing Supplement, subject to adjustment from time to time in accordance with the provisions of these FX Linked Conditions;

"Knock-Out Valuation Time" means the time or period of time on any Knock-Out Determination Day specified as such in the applicable Pricing Supplement (or, if not specified in the applicable Pricing Supplement, the Valuation Time) and for the purposes of FX Linked Conditions 2 (*Valuation Date*) and 3 (*Averaging*) each such time shall be treated as a Valuation Time;

"Material Change in Circumstance" means the occurrence of any event (other than those events otherwise specified as FX Disruption Events) in the Event Currency Jurisdiction beyond the control of the Issuer or any parties to a hedging arrangement in respect of the Notes which make it impossible (A) for the Issuer or any such other party to fulfil its obligations under the hedging arrangement or (B) generally to fulfil obligations similar to such party's obligations under that hedging arrangement;

"Maximum Days of Disruption" means the number of days specified as such in the applicable Pricing Supplement;

"Minimum Amount" means the aggregate nominal amount of the Notes at the relevant time;

"Nationalisation" means any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Issuer or any party to a hedging arrangement in respect of the Notes of all or substantially all of its assets in the Event Currency Jurisdiction;

"Non-Event Currency" means the currency of the Currency Pair that is not the Event Currency;

"Price Materiality" means that, in the determination of the Calculation Agent, the Primary Rate differs from any Secondary Rate by at least the Price Materiality Percentage;

"Price Materiality Percentage" means the percentage specified as such in the applicable Pricing Supplement;

"Primary Rate" means the rate specified as such in the applicable Pricing Supplement;

"Price Source Disruption" means it becomes impossible to obtain any currency exchange rate contemplated in these FX Linked Conditions as applicable to the Notes on any Rate Calculation Date (or, if different, the day on which rates for that Rate Calculation Date would, in the ordinary course, be published or announced by the relevant price source);

"Rate Calculation Date" means any Valuation Date or Averaging Date (as defined in FX Linked Conditions 2 (*Valuation Date*) and 3 (*Averaging*), respectively);

"Reference Currency" means each currency specified as such in the applicable Pricing Supplement and **"Reference Currencies"** means all of them;

"Reference Currency Jurisdiction" means each country for which the relevant Reference Currency is the lawful currency;

"Reference Dealers" means the reference dealers specified as such in the applicable Pricing Supplement;

"Reference Level" means the level, price or amount specified as such in or otherwise determined in accordance with the applicable Pricing Supplement, subject to adjustment from time to time in accordance with the provisions of these FX Linked Conditions;

"Secondary Rate" means the rate specified as such in the applicable Pricing Supplement;

"Settlement Currency" means the currency specified as such in the applicable Pricing Supplement;

"Settlement Rate" means the currency exchange rate determined by the Calculation Agent (A) as being equal to (i) the Settlement Rate specified or otherwise determined as provided in the applicable Pricing Supplement or (ii) if a Settlement Rate or a means of determining a Settlement Rate is not so specified, the Spot Rate, or (B) if applicable, in accordance with FX Linked Condition 3 (*Averaging*);

"Settlement Rate Option" means, with respect to a Settlement Rate, the settlement rate option specified as such in the Pricing Supplement;

"Specified Amount" means the amount of Reference Currency specified as such in the applicable Pricing Supplement;

"Specified Rate" means any of the following rates, as specified in the applicable Pricing Supplement: (i) the Reference Currency bid exchange rate, (ii) the Reference Currency offer exchange rate, (iii) the average of the Reference Currency bid and offer exchange rates, (iv) the Settlement Currency bid exchange rate, (v) the Settlement Currency offer exchange rate, (vi) the average of the Settlement Currency bid and offer exchange rates, (vii) the official fixing rate or (viii) any other exchange rate specified in the applicable Pricing Supplement. If no such rate is specified, the Specified Rate will be deemed to be the average of the Reference Currency bid and offer rate;

"Specified Time" means, in respect of any series of Notes and the determination of the Spot Rate, the time specified as such in the applicable Pricing Supplement or if no such time is specified the time chosen by the Calculation Agent;

"Spot Rate" means, for any Valuation Date, the relevant currency exchange rate, expressed as the amount of Reference Currency per one unit of Settlement Currency, determined by the Calculation Agent in accordance with the specified (or deemed specified) Settlement Rate Option, or if a Settlement Rate Option is not specified (or deemed specified), the currency exchange rate at the time at which such rate is to be determined for foreign exchange transactions in the Currency Pair for value on the Valuation Date (or other relevant date for payment under the Notes);

"Unscheduled Holiday" means that a day is not a Currency Business Day and that the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m. local time in the Principal Financial Centre(s) of the Reference Currency two Currency Business Days prior to such day; and

"Valuation Time" means, unless otherwise specified in the applicable Pricing Supplement, the time at which a relevant price source publishes the currency exchange rate from which the Settlement Rate is calculated.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream, Luxembourg (the "**Common Depository**") or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

So long as the Notes are represented by a temporary Global Note, permanent Global Note or Global Certificate and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) and integral multiples in excess thereof specified in the Pricing Supplement.

If a Global Note or a Global Certificate, as the case may be, may be exchanged for Definitive Notes in circumstances other than upon the occurrence of an Exchange Event (as defined in the relevant Global Note or Global Certificate, and as described further below under "*Exchange*"), only one Specified Denomination can be specified (or all Specified Denominations must be an integral multiple of the lowest Specified Denomination). When the "U.S.\$200,000 plus integral multiples of U.S.\$1,000" construct is used unless exchange of the Global Note or a Global Certificate, as the case may be, for Definitive Notes is limited to the occurrence of an Exchange Event.

Exchange

Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the Pricing Supplement, indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "*Overview of the Programme - Selling Restrictions*"), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the Pricing Supplement, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or

Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "*Partial Exchange of Permanent Global Notes*", in part for Definitive Notes or, in the case of paragraph (iii) below, Registered Notes:

- (i) by the Issuer giving notice to the Noteholders and the Fiscal Agent of its intention to effect such exchange, unless principal in respect of any Notes is not paid when due;
- (ii) if the Pricing Supplement, provides that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Fiscal Agent of its election for such exchange;
- (iii) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and
- (iv) otherwise, (1) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**") and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. Noteholders who hold Notes in the relevant clearing system in amounts that are not integral multiples of a Specified Denomination may need to purchase or sell, on or before the relevant Exchange Date, a principal amount of Notes such that their holding is an integral multiple of a Specified Denomination.

The exchange of a Permanent Global Note for definitive Notes upon notice from Euroclear and/or Clearstream (acting on the instructions of any holder) or at any time at the request of the Issuer should not be expressed to be applicable in the Pricing Supplement, if the Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes.

Permanent Global Certificates

If the Pricing Supplement, states that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) or (ii) or (iii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes if principal in respect of any Notes is not paid when due.

Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. In this Offering Memorandum, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that has not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

Exchange Date

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The temporary Global Notes, the permanent Global Notes and the Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions set out in this Offering Memorandum. The following is a summary of certain of those provisions:

Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 6(f)(v) will apply to the Definitive Notes only.

Whilst the Notes are represented by a Global Note or a Global Certificate, "**Business Day**" in Condition 6(h) means:

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

- (ii) in the case of euro, a day on which the TARGET2 system is operating; and/or
- (iii) in the case of a currency and/or one or more Business Centres specified in the Pricing Supplement, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

Each payment in respect of a Global Certificate will be made to the person shown as the holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificate is being held is open for business.

Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 4(h)).

Meetings

For the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each Note comprising such Noteholder's holding, whether or not represented by a Global Certificate.

Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its Subsidiaries if they are purchased together with the rights to receive all future payments of interest (if any) thereon.

Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of account holders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).

Noteholders' Option

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation.

Events of Default

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented by a Global Certificate may elect for direct enforcement rights against the Issuer under the terms of a Deed of Covenant executed as a deed by the Issuer on 9 January 2018 to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of the Notes will be applied by the Issuer for general corporate purposes, in connection with hedging its obligations under the Notes, or both.

DESCRIPTION OF THE BANK

Overview

The Bank is a public joint stock company and is the product of the Merger of NBAD and FGB which was effected on the Effective Date. The Merger was effected in accordance with the provisions of Article 291 of the UAE Federal Law No. 2 of 2015 Concerning Commercial Companies (the "CCL"), pursuant to which FGB was dissolved and its shares were delisted from the Abu Dhabi Securities Exchange on the Effective Date. NBAD, as the surviving corporate entity and the legal successor of FGB, automatically assumed all assets and liabilities of FGB with effect from the Effective Date. NBAD was incorporated pursuant to an Emiri Decree issued by H.H. Sheikh Zayed Bin Sultan Al Nahyan on 13 February 1968 with limited liability and registered as a public joint stock company in accordance with the UAE Commercial Companies Law No. (8) of 1984 (as amended) with license number CN-1001897.

On 24 April 2017, the shareholders of NBAD passed the necessary resolutions at its general assembly meeting to approve a change in its registered name to First Abu Dhabi Bank P.J.S.C. On 25 April 2017, the requisite regulatory approvals to effect the change of name were received by NBAD from the United Arab Emirates' Securities and Commodities Authority ("SCA"). Accordingly, the change of name to First Abu Dhabi Bank P.J.S.C. became effective from 25 April 2017.

Following the Merger, the Bank's principal shareholder is the Government of Abu Dhabi which holds (through the wholly-owned ADIC and Mubadala) approximately 37 per cent. of the Bank's share capital as at the date of this Offering Memorandum.

The Bank is a full service bank and its core businesses include consumer, wholesale, treasury and Islamic banking capabilities. The Bank is primarily a regionally focussed banking group, offering its consumer, wholesale, treasury and Islamic banking products and services within the UAE and the wider MENA region. Additionally, the Bank has a strong international presence across 19 countries through its subsidiary or affiliate entities and its branches and representative offices.

As at the date of this Offering Memorandum, the market response to the Merger has been positive with each of the major international credit rating agencies assigning the post-Merger Bank with a high investment grade long-term credit rating. As at the date of this Offering Memorandum, the Bank has been assigned long-term credit ratings of AA- by each of Fitch and S&P and Aa3 by Moody's, in each case with a stable outlook.

As at 30 September 2017, and according to the Interim Financial Statements and the publically available financial statements of the Bank's main domestic and regional competitors for the nine months ended 30 September 2017, the Bank is the largest bank in the UAE, in addition to being the second largest bank in the GCC, in each case by total assets. As at 30 September 2017, the Bank had total assets of AED 644.1 billion, total loans and advances (net of provisions) of AED 328.3 billion and total customer accounts and other deposits of AED 378.9 billion. For the nine month period ended 30 September 2017, the Bank's net profit was AED 6,334.8 million.

The Bank currently operates its principal areas of business through the following four distinct business segments for financial reporting purposes:

- **Corporate and Investment Banking ("CIB"):** the CIB segment covers the Group's corporate and institutional clients through 5 dedicated client sub-segments including institutional banking, corporate banking, a privileged clients group, commercial banking and a financial institutions group. The CIB segment offers a broad range of products and services to corporate and investment banking clients within the UAE and internationally including credit facilities, global transaction services, corporate finance, Islamic finance and global markets products. For the nine months ended 30 September 2017, AED 5,568.5 million, or 49.1 per cent., of the Group's operating income for the period and AED 4,428.8 million, or 69.9 per cent., of the Group's net profit for the period was attributable to the CIB segment;
- **Personal Banking Group ("PBG"):** the PBG segment targets retail, affluent, small-to-medium enterprise ("SME") and high-net-worth customers through a wide range of diverse distribution and sales channels, including mobile and internet banking, branches and direct sales agents. Product offerings range from day-to-day banking products such as current accounts, deposits,

credit cards and loans to more sophisticated investment solutions and business banking products and services. The PBG segment is structured on the basis of the diverse needs of the targeted broad customer base with dedicated teams covering the retail, affluent, private banking and SME customer segments. For the nine months ended 30 September 2017, AED 4,090.1 million, or 36.1 per cent., of the Group's operating income for the period and AED 1,291.4 million, or 20.4 per cent., of the Group's net profit for the period was attributable to the PBG segment;

- **Subsidiaries:** the subsidiaries segment represents the financial results of the Bank's principal operating subsidiary entities across real estate management, Islamic finance, credit card finance, brokerage and fund management. The segment includes the financial results of the following subsidiaries: FAB Securities LLC ("**FAB Securities**"), Abu Dhabi National Islamic Finance Pvt JSC ("**ADNIF**"), Mismak Properties Co. LLC ("**Mismak**"), First Merchant International LLC ("**FMI**"), First Gulf Properties LLC ("**FGP**"), Aseel Finance PJSC ("**Aseel**"), Dubai First PJSC ("**Dubai First**") and First Gulf Information Technology LLC ("**FGIT**"). For the nine months ended 30 September 2017, AED 848.2 million, or 7.5 per cent., of the Group's operating income for the period was attributable to the subsidiaries segment while the segment made a net loss for the period of AED 13.9 million; and
- **Head office:** the head office segment provides centralised human resources, information technology ("**IT**"), operations, finance, strategy, investor relations, risk management, credit management, corporate communications, legal and compliance, internal audit, procurement, treasury operations, integration management office and administrative support to all of the Group's distinct businesses units. For the nine months ended 30 September 2017, AED 824.9 million, or 7.3 per cent., of the Group's operating income for the period and AED 628.4 million, or 9.9 per cent., of the Group's net profit for the period was attributable to the head office segment.

For further details on the Bank's reporting segments, see "*— Strategy*" below.

The Bank is registered in accordance with the CCL and is licensed to operate as a commercial bank in the UAE and is regulated by the UAE Central Bank. The Bank's registered office is at FAB Building, Khalifa Business Park — Al Qurm District, P.O. Box 6316, Abu Dhabi, UAE and its telephone number is +971 (0) 2 305 3012.

As at 30 September 2017, the Bank had 115 branches and 625 automated teller machines ("**ATMs**") in the UAE, with the majority in Abu Dhabi and Dubai. Additionally, the Bank had 38 branches, 3 subsidiaries, 5 representative offices and one joint venture internationally as at 30 September 2017. The Bank also offers services to individuals and corporate customers through a diverse range of alternate distribution channels including its internet banking, phone and SMS banking systems and through the FGB and NBAD mobile applications.

Strengths

Largest bank in the UAE and one of the largest in the GCC with a dominant market position

The Merger created a leading local and regional financial institution with total assets of AED 644.1 billion, total loans and advances (net of provisions) of AED 328.3 billion and total customer accounts and other deposits of AED 378.9 billion, representing the largest financial institution in the UAE and the second largest in the GCC, as at 30 September 2017. The combination of two, best-in-class and complementary consumer and wholesale banking businesses (comprising NBAD, one of the leading wholesale banks in the UAE with a significant international footprint, and FGB, a market-leading consumer banking franchise) significantly enhances the value proposition that the Bank is able to offer its customers.

The Bank has one of the largest customer bases in the UAE and maintains one of the largest domestic distribution networks. This distribution network offers significant opportunities to attract additional clients and expand the Bank's range of products and services to existing clients. As at 30 September 2017, the Bank had one of the largest branch networks in the UAE, comprising 115 branches, a network of 625 ATMs, together with tele-banking, internet banking and mobile banking platforms.

The Bank's dominant market position throughout the UAE and wider GCC region reflects the Bank's focus on high quality customer service, creation of innovative products and services, in addition to the strength of its offering and its established track record in both consumer and wholesale banking. As at 30 September 2017, the Bank had customer accounts and other deposits of AED 378.9 billion, which represented an estimated market share of 23.7 per cent. of total UAE bank deposits and a loan and advances to customers portfolio (net of loan loss provisions) of AED 328.3 billion, which represented an estimated 20.6 per cent. of the total loans of all UAE banks, according to the UAE Monthly Banking Indicators for September 2017 published by the UAE Central Bank.

The significant scale of the Bank post-Merger has enabled the Bank to derive tangible synergistic benefits, including greater economies of scale and cost efficiencies as a result of the consolidation of common businesses, the integration of IT platforms and banking systems and the reduction (and, in some cases, closure) of overlapping branch locations. The Bank's executive management anticipates that cost synergies of approximately AED 1 billion will be realised in the three year period post-Merger. The Bank has also derived revenue synergies as a result of its increased financial strength, with a greater ability to achieve revenue growth by virtue of its broader product and customer diversification, giving the Bank a strong platform for sustained profitability in its core banking markets in addition to making the Bank uniquely placed to capture new growth opportunities. Management anticipates that revenue synergies of approximately AED 400 million will be realised from optimisation of funding costs within the combined business.

Broad regional and international network

In the UAE, the Bank is the leading financial institution with a broad portfolio of conventional and Islamic consumer and wholesale products, an extensive distribution network and well established relationships with its broad client base. The Bank has one of the largest customer bases in the UAE and maintains one of the largest domestic distribution networks. This distribution network offers significant opportunities to attract additional clients and further expand the Bank's range of products and services to existing clients. As at 30 September 2017, the Bank had 115 branches and a network of 669 ATMs throughout the UAE with a suite of alternate banking channels, including internet banking, mobile banking channels and SMS alerts.

Internationally, the Bank has a significant presence with subsidiaries in each of the United States of America, Switzerland and Malaysia and a 50:50 joint venture in Libya; fully operational branches in Qatar, Kuwait, Oman, Bahrain, Jordan, Sudan, Egypt, India, the United Kingdom, France, Hong Kong and Singapore; as well as representative offices in Brazil, Lebanon, South Korea, Switzerland and China.

This broad geographical footprint provides opportunities for the Bank to grow its product and service offering, in addition to developing its existing client base and leveraging off the Bank's well established domestic operations.

Strong capital base and liquidity

As at 30 September 2017, the Bank had a total capital adequacy ratio of 18.0 per cent., a Tier I capital adequacy ratio of 16.8 per cent. and a Tier II capital adequacy ratio of 1.2 per cent., calculated in each case in accordance with UAE Central Bank guidelines. Pursuant to the February 2017 Regulations, the Bank, as a D-SIB, is required by the UAE Central Bank to maintain a minimum total capital adequacy ratio of 12.5 per cent., effective from 1 February 2017, increasing to a minimum total capital adequacy ratio of 13.5 per cent., effective from 1 January 2018 and a minimum total capital adequacy ratio of 14.5 per cent., effective from 1 January 2019. The Bank's capital adequacy ratio has been bolstered by the issuance by each of NBAD and FGB of AED 4.0 billion of Tier I capital notes in February and March 2009, as well as by the issuance by NBAD of U.S.\$750 million perpetual Tier I capital securities in July 2015, which are accounted for as equity in accordance with IAS 32: Financial Instruments — Presentation. The Bank also maintains a strong liquidity position with an advances to stable resources ratio of 88.0 per cent. as at 30 September 2017. As at 30 September 2017, the Bank had cash and cash equivalents of AED 116.1 billion.

As part of the gradual introduction of the Basel III reforms in the UAE, certain banks operating in the UAE have begun transitioning to LCR compliance and reporting their LCR to the UAE Central Bank. As part of its LCR reporting to the UAE Central Bank, the Bank is required to maintain a portfolio of HQLAs which is sufficient to survive a significant stress scenario, lasting for a period of up to 30 days.

As at 30 September 2017, the Bank held a portfolio of net HQLAs valued at AED 170.8 billion and had an LCR ratio of 105.0 per cent. The Bank believes that its adherence to the LCR criteria will ensure that it is well equipped to absorb any unanticipated systemic shocks to the UAE or MENA economies or banking sectors. See "*Risk Factors – The Bank's cash flow from its operations may not be sufficient at all times to meet its contractual and contingent payment obligations*".

The Bank believes that the benefits of its strong capital and liquidity profile will, principally, be two-fold; with its sound capital base and a well-diversified business mix and funding profile better positioning the Bank to meet increasing regulatory demands, while the Bank's larger capital base and increased underwriting capacity will enable it to better serve UAE corporates with international ambitions and to better support international companies operating in the UAE.

Supportive principal shareholder

As at the date of this Offering Memorandum, 37 per cent. of the issued and outstanding ordinary shares of the Bank were held by the Government of Abu Dhabi (through ADIC and Mubadala). The Government was instrumental in the founding of each of NBAD and FGB and in supporting the Merger, with each of NBAD and FGB maintaining very strong working relationships with the Government of Abu Dhabi, a situation which the Bank expects to continue post-Merger. Government support for the Bank (and, historically, for NBAD and FGB) has typically manifested itself in many ways such as Government controlled entities engaging the Bank (and, formerly, NBAD and FGB) in new business opportunities and remaining as long standing clients of each institution. Furthermore, in common with other regional governments, the Government provided financial support to its local banks, including each of NBAD and FGB, during the 2008 global financial crisis which helped domestic banks to maintain liquidity and achieve a high capital adequacy ratio, well above the UAE Central Bank guidelines. The historic financial support and continued strong business relationships with the Government has, historically, helped to stabilise the performance of each of NBAD and FGB in turbulent economic periods and to enhance customer and market confidence in these institutions.

Although there can be no assurance that the Government will continue to support the Bank in the same manner as it has historically supported each of NBAD and FGB, management believes that the Bank's relationship with the Government remains strong post-Merger and is unlikely to change in the foreseeable future.

Full service offering of conventional and Islamic products

Following the Merger, the Bank is able to provide a comprehensive range of both conventional and Islamic banking products and services to its customer base, therefore diversifying income sources as well as offering the Bank the opportunity to grow its balance sheet and strengthen its position in its core domestic market. As a full-service bank, the Bank has wider access to a more diverse customer base than its domestic competitor banks that offer either purely conventional products or, as the case may be, purely Islamic products. This product flexibility provides the Bank with a greater ability to cross-sell an enhanced product and service offering than many of its domestic competitors, providing a strong platform from which the Bank can continue to drive revenue growth and increased profitability.

Experienced Board and executive management team with proven track record in the banking industry

The Bank believes that it has a strong and experienced Board of Directors (the "**Board**") and a long-serving executive team with a proven track record in the UAE and international banking sectors.

The Bank's strategy (see "*– Strategy*") is supported by the executive management team's broad expertise in the region, proven record for implementing industry leading initiatives, and by its focus on best practices and customer service. The Bank benefits from continuity of personnel within its executive management team, with the experienced management team being drawn from the legacy NBAD and FGB executive management and having extensive experience in the financial services sector in the UAE, the MENA region and internationally. Additionally, the Bank's Board are also largely drawn from the former NBAD and FGB boards of directors with a similarly strong track record in the banking industry. Further details of the Bank's Board and executive management are set out under "*Management*".

Prudent risk management culture

The Bank has a well-diversified loan portfolio and limited foreign exchange risk. It has invested, and continues to invest, significantly in improving its risk management procedures. Post-Merger, and as a function of the size and financial strength of the Bank, the Bank's management plans to commit even greater resources and investment to the internal risk management, compliance and control functions.

As at 30 September 2017, the Bank had AED 10.2 billion of impaired loans while the ratio of the Bank's impaired loans to gross loans was 3.0 per cent. As at 30 September 2017, the Bank carried impairment allowances of AED 11.2 billion to cover potential loan losses.

The Bank's management believes that the levels of impairment allowances for impaired loans and loans under stress as at 30 September 2017 are sufficient to cover potential loan losses as at that date. As at 30 September 2017, provision covered 109.0 per cent. of the Bank's impaired assets.

Strategy

As the largest full-service bank in the UAE, the Bank has developed individual strategies for each of its core business segments of CIB, PBG and Subsidiaries. As its overarching strategic goal, the Bank aims to defend and grow its dominant position in the domestic market across consumer and wholesale markets, with a particular focus on strengthening its Islamic banking franchise.

CIB

The Bank's CIB segment is sub-divided into 5 dedicated, targeted customer segments, as follows: (i) the institutional banking group, which focuses on large institutional clients with an annual turnover in excess of AED 1 billion in addition to Government and Government-related entities; (ii) the corporate banking group, which targets corporate clients with an annual turnover between AED 350 million and AED 1 billion; (iii) the privileged client group, which aims to provide a tailored service for ultra-high net worth clients; (iv) commercial banking, which focuses on SMEs and other corporate customers with annual turnover of between AED 100 million to AED 350 million; and (v) the financial institutions group, which offers products and services to global financial institutions that are primarily liquidity and funding providers.

CIB offers a differentiated coverage model within each of the 5 above customer sub-segments, uniquely tailored according to the specific client requirements and sub-segment dynamics. The 5 CIB coverage teams work on a 'follow the client' model and oversee client requirements across the international locations in which the Group has a presence.

The CIB segment is also structured with dedicated product teams including the Global Banking Transactions product team through which the Bank offers core credit facilities to clients including term loans and overdrafts; Islamic finance facilities; global cash management solutions and global trade finance products. CIB's Global Banking Corporate Finance product unit offers clients debt capital markets and syndicated loan solutions (including distribution); project finance and structured finance solutions; and corporate finance advisory services (includes merger and acquisition advisory; equity capital markets advisory; project finance advisory; and capital restructuring advisory services). Additionally, CIB also includes the Global Markets, Treasury Sales and Investments product unit that offers clients across geographies and across the 5 customer sub-segments a comprehensive range of treasury products including: flow and structured foreign exchange products; interest rate products; liquidity management solutions; credit derivatives; commodities trading; and investment solutions.

The key strategic priorities for CIB are to firstly protect the Group's dominant position in the Abu Dhabi market while also focusing on increasing its 'share of wallet' in the Dubai market.

A key strength of the post-Merger Bank is the significant size of the balance sheet which management intends to leverage to increase market share in particular product and customer classes, particularly in the competitive debt capital markets and loan syndication markets within the MENA region. Through its offering of best-in-class global transaction banking products and services, the Group intends to increase and diversify its customer base. Additionally, CIB intends to defend and foster its strategic relationships with the Government and Government-related entities, remaining as the preferred banking partner for the Government with a focus on liabilities, trade finance and Government-related payments.

At an individual customer level, the institutional banking group and the corporate banking group aim to widen their sector exposure with clients across industry sectors that have high transaction needs, while the commercial banking team will aim to establish the Bank as the bank of choice for SMEs in the UAE, differentiating itself from competitors by virtue of its comprehensive product offering.

PBG

The Group aims to maintain its dominance in the personal banking market in the UAE by offering its customers the best customer experience, a digitally enabled service delivery model while deploying an aggressive direct sales force.

The Bank has structured the PBG business around dedicated client segments to offer segment-specific customer value propositions with the particular goal of increasing market share from the 'affluent' segments which include the private banking, wealth management and 'elite' customer segments. Customers falling within these segments will be primarily served through dedicated relationship managers and will be offered tailored investment and asset products and services. The Bank aims to establish itself as the 'wealth advisor of choice' for its affluent customers.

The Bank is also focused on defending its market leading position amongst UAE nationals, which tends to be a more lucrative customer segment than expatriate clients by virtue of the typically higher average household incomes of UAE nationals, relative to expatriates.

Further, and notwithstanding the Bank's significant presence in Abu Dhabi, the Bank aims to leverage its scale to further strengthen and grow its presence in Dubai within the personal banking market. The Bank intends to focus particularly on small businesses with annual turnover of less than AED 100 million while maintaining a constant focus on cost efficiencies to be able to drive higher returns. Additionally, and as part of the Bank's focus on cost optimisation in the post-Merger integration process, management intends to rationalise the Bank's domestic branch footprint, in an attempt to eliminate cross-over in geographical coverage of the branch network.

Subsidiaries

The Bank's principal subsidiaries operate across real estate management, Islamic finance, brokerage and fund management and credit card finance and include FAB Securities, ADNIF, Mismak, FMI, FGP, Aseel, Dubai First and FGIT.

- ***FAB Siraj, ADNIF and Aseel***

As at the date of this Offering Memorandum, the Group's Islamic banking offering primarily comprises the Group's Islamic banking window which operates under the "FAB Siraj" brand. Additionally, the Group offers Islamic finance products and services through its Islamic finance house subsidiaries; namely ADNIF and Aseel. As part of the ongoing post-Merger integration process, Aseel is expected to be merged into ADNIF which will remain as the Group's sole Islamic finance house subsidiary.

Following completion of this internal re-organisation, the Group will continue to operate the "FAB Siraj" brand and offer Islamic banking products and services across the Group's client base with a particular focus on CIB customers. As at 30 September 2017, FAB Siraj is the largest Islamic banking window in the UAE in terms of asset size.

The Group believes that the internal re-organisation of its Islamic banking franchise will deliver a more streamlined Islamic offering, yielding greater cost and revenue synergies and positioning the Group to capitalise on opportunities arising from the growth of the Islamic banking sector.

- ***Dubai First***

Dubai First is a conventional finance company specialising in credit card finance and personal finance solutions to individuals and small businesses in the UAE. As part of the post-Merger integration process, the Bank has decided to integrate Dubai First into PBG. The integration of the Dubai First business into PBG will enhance PBG's overall customer proposition and result in greater opportunities to cross sell a larger set of the Bank's products to its customers. PBG

intends to continue leveraging existing associations and partnerships in Dubai including an exclusive partnership that Dubai First holds with Dubai Parks and Resorts.

- ***FAB Securities***

FAB Securities is the Group's securities brokerage business and is licensed by SCA. FAB Securities is one of the largest brokerage service providers in the UAE operating through four locations across the UAE in addition to its own dedicated e-trading platform. FAB Securities trades across the Abu Dhabi Securities Exchange, the Dubai Financial Market, Nasdaq Dubai and selected markets in the GCC (through various third party partners). FAB Securities offers clients securities from various asset classes including equities, fixed income and initial public offerings. In addition to securities sales, FAB Securities provides market research and analysis to clients and offers securities trade execution services.

The Bank's strategy for FAB Securities is to maintain and grow its position as one of the primary brokerage service providers in the UAE, leveraging the post-Merger Bank's expanded client base, and to develop the subsidiary from a local brokerage operation into a global brokerage operation, which is able to offer its customers services on local, regional and international equity markets, as well as fixed income brokerage services.

- ***FGP***

The Group's real estate business is predominantly managed by its wholly-owned subsidiary, FGP. FGP commenced operations in 2011 under the legacy FGB business and also includes the legacy NBAD property management subsidiary, Abu Dhabi National Properties PJSC, which was consolidated into FGP during Q2 2017. Through FGP, the Group offers property management, facility management and hospitality services. FGP manages a mixed and varied property portfolio in the UAE with a total annual rent roll of more than approximately AED 2.0 billion. The property management business of FGP is an ancillary service provided to select CIB and high net-worth individual clients of the Bank which the Group expects to continue to grow opportunistically.

The Group also provides engineering advisory services to support the Group's internal credit department when assessing client requests for credit for real estate development projects. Additionally, the Group provides asset management and advisory services in circumstances where a client is in default and the Group's real estate subsidiaries (including Mismak and FMI) take over the management of real estate assets which have been pledged as collateral.

- ***Mismak and FMI***

The Group's real estate investment and development activities are contained within Mismak, which also holds the real estate investments made by FMI. Each of Mismak and FMI are legacy FGB subsidiaries and are wholly-owned subsidiaries of the Bank.

- ***FGIT***

FGIT is the Group's wholly-owned, specialised and dedicated IT subsidiary, which is focused on delivering customised technology solutions for the Group. FGIT is a legacy FGB subsidiary that was established as a dedicated IT provider with the aim of creating an entity that specialises in developing IT infrastructure and delivering specialised IT banking services. FGIT is responsible for developing the strategy and delivering all IT services throughout the Group. FGIT supports remote banking facilities and distribution channels for the Group, such as interactive voice response technology, internet banking and mobile banking.

To ensure that it adequately supports the Group's risk management policies, FGIT's systems utilise various automated tools and processes, which are subject to both internal and external audits.

- ***International operations***

Internationally, the Bank's operations are predominantly focused on the CIB segment with the ultimate objective of positioning the Bank as the primary link for businesses and governments

seeking access to regional and global capital markets, particularly in emerging markets such as the UAE and wider GCC.

The Bank also has selective PBG operations internationally, the most significant of which is in Egypt.

The Bank's overall strategic mission is to create value for customers, employees, shareholders and communities to grow stronger through differentiation, agility and innovation. This strategic mission of value creation is embodied in the strategic priorities which the Bank has established for its distinct core operating segments.

Capital Structure and Shareholders

The Bank's share capital is listed on the Abu Dhabi Securities Exchange and, as at 30 September 2017, had a market capitalisation of U.S.\$30.3 billion. As at 30 September 2017, the Bank's authorised, issued and paid up share capital comprised 10,897,545,000 shares with a nominal value of AED 1 each.

The Bank's principal shareholder is the Government of Abu Dhabi (through ADIC and Mubadala) which holds 37 per cent. of the issued and outstanding ordinary shares of the Bank, as at the date of this Offering Memorandum.

Financial Performance

Income statement

The Bank reported net profits of AED 6,334.8 million for the nine month period ended 30 September 2017, while net interest income was AED 7,907.2 million for the same period. Net fee and commission income was AED 1,965.4 million for the nine month period ended 30 September 2017, with operating income of AED 11,331.8 million and general, administration and other operating expenses of AED 3,285.1 million for the same period. Annualised return on tangible equity was 14.3 per cent. and the cost to income ratio (excluding Merger integration costs) was at 27.6 per cent., in each case for the nine month period ended 30 September 2017.

The following table shows the breakdown, by the division indicated, of the Bank's net profit/(loss) for the nine month period ended 30 September 2017:

Division	Net profit/(loss) for the nine month period ended 30 September 2017
	<i>(unaudited)</i> <i>(AED million)</i>
Corporate and Investment Banking.....	4,428.8
Personal Banking Group.....	1,291.4
Subsidiaries.....	(13.9)
Head office	628.4
Total	6,334.8

Statement of financial position

The Bank's total loan portfolio (net of provisions) was AED 328.3 billion as at 30 September 2017. The distribution of the corporate loan portfolio across economic sectors is oriented towards real estate, transport and communication, energy and banks and financial institutions, which is in line with the domestic economy.

The following table provides a breakdown of the Bank's total loan portfolio by customer sector as at 30 September 2017:

	As at 30 September 2017
	<i>(unaudited)</i> <i>(AED million)</i>
Government	4,518.4

	As at 30 September 2017
	<i>(unaudited)</i> <i>(AED million)</i>
Public sector	58,577.9
Banking sector	23,300.2
Corporate/private sector.....	183,867.8
Personal/retail sector.....	70,993.7
Gross loans and advances	341,258.0
Less: interest suspended.....	(1,824.3)
Less: allowance of impairment	(11,153.4)
Total (Net of Provisions)	328,280.3

The Bank's loan portfolio contains a high proportion of loans to the government and public sector entities. As at 30 September 2017, 18.5 per cent. of gross loans and advances was to government and public sector entities. This concentration of lending reflects the historically close relationship between each of NBAD and FGB and government and public sector entities.

Approximately 57 per cent. of the Bank's loan portfolio was denominated in foreign currency as at 30 September 2017. The Bank has implemented risk management methods to mitigate and control these foreign currency risks along with other market risks to which the Bank is exposed (see "*Risk Management*").

The Bank maintains a securities portfolio (both trading and investment) of high credit quality. The Bank has a Board approved comprehensive risk appetite for these portfolios and they are managed and limited by value-at-risk ("**VaR**"), notional exposure, credit spread and interest rate sensitivities, geographic and single name exposure concentrations (see "*Risk Management* ").

The Bank has no direct exposure to collateralised debt obligations, structured investment vehicles and other sub-prime related issues. The securities portfolios are concentrated in the European and MENA markets. The trading portfolio mainly comprises debt instruments and a managed portfolio of funds and equities. The held-to-maturity portfolio comprises debt issuances by sovereigns, corporates and financial institutions.

The following table provides a breakdown of the Bank's securities portfolio as at 30 September 2017:

	As at 30 September 2017
	<i>(unaudited)</i> <i>(AED million)</i>
Trading portfolio.....	19,669.5
Available-for-sale	77,498.2
Held-to-maturity	7,758.1
	104,925.8

Capital Adequacy

The Bank calculates its capital ratios in accordance with UAE Central Bank guidelines which requires UAE based banks that have been designated as D-SIBs (such as the Bank) to maintain a minimum ratio of total capital to risk-weighted assets of 12.5 per cent., effective from 1 February 2017, increasing to a minimum total capital adequacy ratio of 13.5 per cent., effective from 1 January 2018 and a minimum total capital adequacy ratio of 14.5 per cent., effective from 1 January 2019, taking into account both on and off balance sheet transactions.

As at 30 September 2017, the Bank had a total capital adequacy ratio of 18.0 per cent., a Tier I capital adequacy ratio of 16.8 per cent. and a Tier II capital adequacy ratio of 1.2 per cent. The Bank's strong capital base has been bolstered by the issuance by each of FGB and NBAD of AED 4.0 billion of Tier I capital notes in February and March 2009, respectively, as well as by the issuance by NBAD of U.S.\$750 million perpetual Tier I capital securities in July 2015.

The Bank's capital management is aimed at maintaining an optimum level of capital to enable it to pursue strategies that build long-term shareholder value, whilst always meeting minimum regulatory capital adequacy ratio requirements. The principal difference between the UAE Central Bank's guidelines and Bank of International Settlements requirements is that, under the UAE Central Bank's guidelines, GCC government exposure is risk weighted at zero per cent. whereas, under the Bank of International Settlements guidelines, GCC government exposure is risk weighted according to the relevant country's credit rating. Details of the Bank's risk weighted assets as at 30 September 2017, calculated in accordance with UAE Central Bank guidelines, are set out in the table below.

	As at 30 September 2017
	<i>(unaudited)</i>
	<i>(AED millions, other than percentage figures)</i>
Tier I capital:	
Share capital	10,897.5
Share premium account.....	53,024.9
Capital notes	10,754.8
Legal reserves	5,254.5
General reserves.....	120.0
Retained earnings.....	11,498.2
Current year profits.....	6,310.3
Minority interests.....	474.3
Total.....	98,334.5
Tier I capital:	
Goodwill and intangible assets.....	(15,487.5)
Other deductions from Tier I capital	(98.2)
Deductions from Tier I capital	(15,585.8)
Total Tier I capital (A)	82,748.7
Tier II capital:	
Undisclosed reserves / General provisions.....	5,275
Asset revaluation reserves.....	308.6
Subordinated term loans	400.9
Deductions from Tier II Capital.....	(42)
Total Tier II capital (B)	5,942.6
Total capital base (A +B).....	88,691.3
Risk weighted assets:	
Balance sheet and off balance sheet items	
Credit risk	422,005.8
Market risk.....	36,432.1
Operational risk	35,103.8
Total risk weighted assets.....	493,541.8
Tier I capital adequacy ratio (%).....	16.8%
Total capital adequacy ratio (%)	18.0%

Equity

The Bank's total equity (which comprises, amongst other things, its issued share capital of AED 10.9 billion as at 30 September 2017 and its reserves and retained earnings (of AED 23.1 billion in aggregate as at 30 September 2017)) amounted to AED 98.3 billion as at 30 September 2017.

Of the Bank's reserves, the most significant is the legal reserve into which, under the CCL and the Bank's articles of association, 10.0 per cent. of net profit each year must be contributed until the legal reserve reaches 50.0 per cent. of the nominal value of the Bank's paid up share capital. This reserve is not available for distribution and amounted to AED 5.3 billion as at 30 September 2017 and below the CCL prescribed 50.0 per cent. of share capital threshold.

As at 30 September 2017, shareholders' equity includes AED 4.0 billion Tier I capital notes issued by FGB in February 2009 to the Government of Abu Dhabi; AED 4.0 billion Tier I capital notes issued by NBAD in March 2009 to the Government of Abu Dhabi; and U.S.\$750 million perpetual Tier I capital

securities issued by NBAD in July 2015, which are accounted for as equity in accordance with IAS 32: Financial Instruments — Presentation.

Funding

As at 30 September 2017, the Bank had customer accounts and other deposits which totalled AED 378.9 billion. The Bank's principal source of its funding is its short-term demand and time deposits which accounted for 60.9 per cent. of the Bank's total customer accounts and other deposits as at 30 September 2017. The Bank's customer accounts and other deposits contain a high proportion of deposits from government and public sector entities, again reflecting the linkage between NBAD, FGB and these governmental and government-related entities. As at 30 September 2017, approximately 17.1 per cent. of the Bank's customer accounts and other deposits were from government entities and a further 18.9 per cent. were from public sector entities. The Bank's funding needs are also met by equity reserves and retained earnings, interbank lines of credit and repurchase agreements. Additionally, and prior to the Merger, the legacy NBAD and FGB entities accessed wholesale funding markets (through bilateral or syndicated loans and international bond markets) in order to diversify and increase the maturity of their funding sources. The Bank intends to continue to utilise the following debt capital markets funding platforms as a key source of funding:

- this Programme;
- the U.S.\$15,000,000,000 Euro Medium Term Note programme;
- the U.S.\$7,500,000,000 Euro Commercial Paper programme;
- the A\$2,000,000,000 Australian and New Zealand Domestic Debt Issuance programme;
- the U.S.\$5,000,000,000 U.S. Commercial Paper programme;
- the EUR1,000,000,000 French Certificates de Depot programme;
- the HKD5,000,000,000 Certificate of Deposit programme;
- the GBP7,500,000,000 Certificate of Deposit programme;
- the NBAD Americas N.V. Certificate of Deposit programme;
- the MYR3,000,000,000 Medium Term Note and Trust Certificate issuance programme;
- the U.S.\$2,000,000,000 Structured Note programme; and
- the U.S.\$1,000,000,000 Certificate of Deposit programme.

As at the date of this Offering Memorandum, the Bank also has outstanding the following standalone debt capital markets instruments:

- the (NBAD issued) AED 4,000,000,000 6 month EIBOR plus 2.3 per cent. per annum Tier I capital notes;
- the (FGB issued) AED 4,000,000,000 6 month EIBOR plus 2.3 per cent. per annum Tier I capital notes;
- the (NBAD issued) JPY10,000,000,000 2.60 per cent. "Samurai" bond due 2026;
- the (NBAD issued) U.S.\$500,000,000 1.00 per cent. convertible bond due 2018;
- the (NBAD issued) U.S.\$750,000,000 perpetual Tier I capital securities; and
- the (FGB issued) CHF200,000,000 0.625 per cent. notes due 2022.

Additionally, and as at the date of this Offering Memorandum, the Bank had a syndicated bank loan outstanding, totalling U.S.\$2 billion with a scheduled maturity date of December 2019.

The following table shows the sources of the Bank's funding as at 30 September 2017:

	As at 30 September 2017
	<i>(unaudited)</i> <i>(AED million)</i>
Due to banks and financial institutions	31,558.3
Repurchase agreements.....	34,419.6
Commercial paper.....	21,426.4
Customer accounts and other deposits	378,869.8
Term borrowings	44,188.7
Derivative financial instruments	15,128.2
Other liabilities	18,566.8
Subordinated notes.....	400.9
Total equity.....	99,560.1
	644,118.6

Competition

The UAE banking sector as at 30 September 2017 comprised 48 banks, including eight Islamic banks, and branches or subsidiaries of 26 foreign banks. The licensed foreign bank branches and subsidiaries focus mainly on consumer banking, trade finance, foreign currency operations and government-related business. Foreign bank participation in public sector financing has had a significant downward effect on margins in this area. The UAE banking market is becoming increasingly competitive and challenging, with the consummation of the Merger anticipated by many commentators to act as a catalyst for further consolidation amongst locally incorporated banks.

UAE local banks enjoy tax advantages with zero corporate, income and sales tax while international banks operating in the UAE are subject to 20 per cent. corporate tax on their profits. However, as at the date of this Offering Memorandum, the UAE federal government has confirmed that it will be introducing a VAT regime in the UAE at the rate of 5 per cent. with effect from 1 January 2018. See "*Risk Factors – The UAE may introduce corporation or value added tax*" and "*Taxation-United Arab Emirates*".

Employees

As at 30 September 2017, the Bank employed 5,604 staff. These staff members do not include the approximately 3,659 members of the Bank's outsourced workforce (who principally work within the consumer areas of sales, collections, call centre operations and credit card processing).

The Bank's human resources policy is aligned to its strategic vision and ambitious growth plans and is designed to attract, retain and motivate high-calibre, professional, skilled and knowledgeable employees. The Bank strives to foster a transparent working environment and invests significant resource in the provision of employee training and development schemes, in addition to providing a competitive remuneration and compensation structure.

Emiratization

In 1999, as part of a policy of "Emiratization", UAE banks were instructed by the UAE federal government to increase the number of UAE nationals on their payroll by at least 4 per cent. per annum. This policy has now been supplemented by, and operates in tandem with, the Emiratization Circular which has introduced a scoring system which takes into account the employment and progression of Emirati employees in the organisation. The minimum threshold for Emirati employees for each institution is dependent on a number of factors. The Emiratization Circular does not set any upper limit at which the policy would no longer be applicable. If UAE banks are not able to achieve their targets for recruiting and progressing UAE nationals through their organisation, they will be subject to penalties to be computed in accordance with a specific formula set out in the Emiratization Circular.

As at 30 September 2017, the Bank's Emiratization percentage stood at 31.4 per cent. of its workforce in the UAE, equating to 1,361 UAE nationals employed in positions at different levels across the Bank.

In line with the Emiratization Circular, the Bank has made a commitment to employing and training UAE nationals. The Bank's Emiratization strategy supports the Bank's position as a nationalisation leader across the UAE. The Bank's Emiratization strategy, implemented through recruitment and employee selection as

well as training programmes, enjoys the support and commitment of business heads and management across all business areas of the Bank.

Property

The Bank's principal fixed assets include its head office building in Abu Dhabi and its other branch buildings and offices. Such properties had a net book value of AED 4,546 million as at 30 September 2017.

As at 30 September 2017, the value of the Bank's investment properties, stated at fair value and representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, was AED 6,659.1 million.

The fair values of the Bank's investment properties are based on valuations performed by third party valuers. The valuers are accredited with recognised and relevant professional qualifications and with recent experience in the location and category of investment properties being valued. The fair values have been determined based on varying valuation models depending on the intended use of the investment properties in accordance with the Royal Institution of Chartered Surveyors Valuation Standards. The property rental income earned by the Bank from its investment properties that are leased out under operating leases, amounted to AED 6.3 million for the nine month period ended 30 September 2017.

Information Technology

The Bank's IT department delivers an effective, efficient and sustainable management of information assets and technology and is focused on utilising advanced IT systems to serve the Bank's customers and ensure that customers' data is well protected and secured.

Following the Merger, the Bank is in the process of integrating the IT systems of NBAD and FGB. Once the integration process is completed, the target IT business systems are intended to offer enhanced services to the Bank's customers across all geographies in which the merged Bank operates. As part of the Bank's investment in its technology systems, it is also building a new, enhanced data centre, with the aim of providing a robust physical and technical platform for the merged Bank's business application systems. See "*– Strategy – Subsidiaries – FGIT*" for further information.

Litigation

As at the date of this Offering Memorandum, the Bank is not involved in any pending or, to the best of the Bank's knowledge, threatened litigation or arbitration proceedings which may constitute a threat to the Bank or to any of its subsidiaries or which would have a material adverse effect on its financial position. Therefore, no material provision has been made as at 30 September 2017 regarding any outstanding legal proceedings. Pending legal proceedings are reviewed on an ongoing basis and, where required, provisions are made at the end of each fiscal quarter subject to appropriate internal approvals.

Insurance

The Bank has various insurance policies in place, including a Banker's Blanket Bond Insurance Policy. The Bank's Blanket Bond Insurance Policy covers, among other risks, loss of its property whilst on the Bank's premises and whilst in transit; forgery of cheques, securities and other documents; and employee frauds, errors and negligence. The Bank believes that these insurance policies provide it with comprehensive insurance coverage against the various risks to which the Bank is exposed.

Sustainability Policy

The Bank's approach in terms of sustainability is to create long-term stakeholder value through the identification of opportunities and active management of risks, while balancing the needs of people and society, the environment and profitability. The Bank's commitment to sustainability is fundamental to the Bank's wider objectives to deliver long-term profitable growth to its shareholders.

The Bank will address sustainability challenges through the adoption of innovative models to ensure that its efforts are focused on issues that are globally significant and regionally relevant, and which can be addressed locally. The Bank is focused and committed to the success of Abu Dhabi and the UAE as a

whole, and will ensure that its sustainability strategy and objectives are aligned with the Abu Dhabi Economic Vision 2030 and the UAE's policies and commitments towards green growth and sustainability.

Undertaking business in a responsible way is an important focus and the Bank's Sustainability Policy sets out broad principles for taking a precautionary and responsible approach to operations and business. This policy will be reviewed and updated in line with the sustainability strategy that will be developed for the Bank.

Within its own operations and facilities, the Bank continues to monitor and measure its environmental impacts and continuously seeks ways to minimise electricity and water usage, fuel use and greenhouse gas emissions. In the coming years, the Bank plans to conduct annual climate and carbon reporting as the next step in quantifying and strengthening its sustainability performance.

The Bank was the first UAE bank to become a signatory to the "Equator Principles Association" and in so doing, confirmed its commitment to comply with an internationally-recognised social and environmental risk assessment framework. Through adoption of the "Equator Principles", the Bank will align its business practices with a voluntary set of guidelines based on International Finance Corporation standards on social and environmental sustainability, and on the World Bank Group's Environmental, Health and Safety general and industry-specific guidelines.

RISK MANAGEMENT

Overview

In common with other financial institutions, the Group faces a range of risks in its business and operations including: (i) credit risk; (ii) market risk (including interest rate risk in the trading book, currency risk, equity risk in the trading book); (iii) liquidity risk; (iv) interest rate risk in the banking book; (v) operational risk (including risk of fraud); and (vi) legal and compliance risk.

Efficient and timely management of the risks involved in the Group's activities is critical to its financial soundness and profitability. Risk management involves identifying, measuring, monitoring, controlling and reporting these risks on a regular basis. The objective of risk management is to protect the Group's capital and achieve a return on capital that is commensurate with the risks assumed.

Risk management structure

The overall responsibility for risk management lies with the Board. The principal role of the Board is to oversee implementation of the Group's strategic initiatives and its functioning within the agreed framework in accordance with relevant statutory and regulatory guidelines. Several Board level committees and management level committees form part of the overall risk management structure within the Group. The Board level committees include: (i) the Board Management Committee, which is responsible for overseeing the Group's overall business strategy and ensuring that business policies and practices are in line with the overall strategy and in alignment with sound corporate governance and related regulatory requirements and guidelines; (ii) the Board Risk and Compliance Committee, which is responsible for maintaining oversight over current and potential risk exposures across the Group and direction on risk strategy, frameworks, risk appetite, tolerance and culture; (iii) the Board Audit Committee, which has overall responsibility for assessing the internal audit findings, directing the implementation of audit recommendations and overseeing the internal audit activities being undertaken; and (iv) the Board Remuneration and Nomination Committee, which is responsible for overseeing the appointment of the Board and executive management and ensuring that they discharge their responsibilities in the interests of the shareholders and the Group as well as overseeing the overall compensation and reward mechanism of the Group.

The management level committees include: (i) the Group Executive Management Committee, which has overall management responsibility for the Group; (ii) the Group Asset and Liability Committee, which has principal responsibility for the Group's asset and liability management process; (iii) the Group CIB Credit Committee, which is responsible for approval and decisions on the CIB funded and non-funded credit limits / exposures; (iv) the Group PBG Credit Committee, which is responsible for approval and decisions on the PBG funded and non-funded credit limits / exposures; (v) the Group Risk and Compliance Committee, which has primary responsibility for maintaining oversight of Group-wide risk strategy and exposures to enable integrated and effective risk management; (vi) the Group Islamic Banking Committee which has responsibility for overseeing and directing the Group's Islamic banking businesses through the Group's Islamic banking window which operates under the "FAB Siraj" brand and its subsidiary companies ADNIF and Aseel; (vii) the Group International Banking Committee, which assists the Group Executive Management Committee in defining, developing and monitoring the holistic strategy for the management and development of the Group's international business through evaluation of the Group's international jurisdictions, including the need to meet the requirements of local laws and regulations; (viii) the Group Human Resources Steering Committee, which is responsible for implementation of human resource policies applicable to Group employees; (ix) the Group Operations and Technology Steering Committee, which is responsible for implementation of IT related goals of the Group; (x) the Group Real Estate Committee, which is responsible for overseeing the Group's strategy for its real estate business; and (xi) the Group Integration Steering Committee, which is responsible for managing the post-Merger integration process. The Group's Chief Risk Officer ("**GCRO**") is responsible for risk management for the Group's centralised risk management function.

The Group has also established an independent risk management unit, responsible for continuous monitoring identification, measurement, control, mitigation and reporting of risks arising out of the Group's activities. The risk management unit also monitors compliance with regulatory policies and procedures (including the Group's anti-money laundering procedures). The GCRO is responsible for day-to-day risk management for the Group. The risk management unit has separate sub-units responsible for

management of enterprise risk, credit risk, market and liquidity risk, operational and fraud risk, legal and compliance risk and information security risk. Each of these sub-units reports to the GCRO.

The Group's treasury, under the strategic direction of the Group Asset and Liability Committee, is responsible for managing the Group's assets and liabilities and its overall financial structure. It is also primarily responsible for managing the funding and liquidity risks of the Group. Risk management processes throughout the Group are audited on an annual basis by internal auditors who examine both the adequacy of the processes and compliance with regulatory requirements. The results of each internal audit are reported directly to the Board Audit Committee.

Risk monitoring, measurement, control and reporting

The Group has established the Enterprise Risk Management Policy ("ERMP") framework to support the Group's risk management objectives.

The aim of the Group's ERMP framework is to support the Group in being a world class organisation, maximising its risk adjusted returns for all stakeholders by establishing a risk management framework across the Group. The core objective of ERMP is to provide a reasonable degree of assurance to the Board that the risks threatening the Group's achievement of its core purpose are being identified, measured, monitored and controlled through an effective integrated risk management system. The ERMP framework consists of specific policy documents covering all material risks across the Group that include enterprise risk management policy, CIB credit policy, PBG credit policy, market risk master policy, operational risk policy, Group liquidity policy, Group interest rate risk policy, AML and compliance risk policy, information security risk policy, internal capital adequacy assessment process policy, new products approval policy and model governance policy. Other relevant risks such as reputation risk and strategic risk are covered under the ERMP.

As a part of the ERMP framework, the Group has established a formal risk appetite structure in the form of a top-down approach that incorporates requirements of various stakeholders, including shareholders, holders of its debt securities and regulators through a dialogue process between risk taking functions after a careful consideration of the risk-return trade-off.

Risk monitoring and control is primarily based on limits established by the Group's executive management. These limits reflect the Group's business strategy and the market environment in which it operates as well as the risk appetite of the Group. Information from all parts of the Group is collected, examined and processed in order to identify, analyse and control risks. This information is presented to the Board Risk and Compliance Committee and the Group Risk and Compliance Committee on a quarterly basis and the head of each business division on a monthly basis. The information covers credit, market, liquidity and operational risks and is designed to enable the Board and executive management to receive all necessary information so as to independently assess the possible impact of these risks on the Group's businesses. The Group uses a range of measures to mitigate and control risks including the use of credit risk mitigation techniques (collaterals, guarantees, netting, etc.) to reduce exposure to credit risk and the use of derivative instruments to hedge exposure to certain interest and currency exchange rate risks. The Group is working on diversifying its lending activities in order to minimise risk concentrations across specific customer groups, industries or businesses and is considering securitisation and other structured solutions as a way of mitigating credit risk. The risk profile of all major transactions is assessed and authorised by appropriate management representatives before the transactions are concluded and the effectiveness of all risk mitigation measures is closely monitored by the risk management unit.

Credit risk

Credit risk is the risk of a customer failing to meet its obligations in accordance with the agreed terms and, as a result, causing the Group to incur a financial loss. The Group is exposed to credit risk through its lending, trading, hedging and investing activities as well as through activities in which it acts as an intermediary on behalf of customers/other third parties or issues guarantees. The Group is also exposed to credit concentration risk. Various forms of credit risk concentrations can be distinguished in this context including large exposures to individual clients or groups of connected clients, large exposures to clients of poor credit quality, large exposures to clients in certain countries and large exposures to clients belonging to specific industries, amongst others. Indirect credit risk concentrations can also arise as a result of certain credit risk mitigation techniques.

The Group's primary exposure to credit risk arises through its loans and advances to customers, as well as through its interbank lending operations. The amount of credit exposure in this regard is a function of assets being carried on the consolidated balance sheet. In addition, the Group is exposed to off balance sheet credit risk through the contingent liabilities it assumes. The Group is also exposed to credit risk on various other financial assets, including derivative instruments and debt investments.

The Group has established an independent credit risk team within the risk management unit to track the magnitude of credit risk. The middle office reports this risk to executive management on a regular basis.

The table below sets out the Group's maximum exposure to credit risk for the different components of the balance sheet, including derivatives as at 30 September 2017. This exposure does not take into account netting and collateral agreements that serve as credit risk mitigants. Where financial instruments are recorded at fair value, the amounts shown in the table represent the then current credit risk exposure but not the maximum credit risk exposure that could arise in the future as a result of changes in values.

	<u>As at 30 September 2017</u>
	<i>(AED millions)</i>
Cash and balances with central banks	114,729
Due from banks and financial institutions.....	15,836
Loans and advances, net	328,280
Investments – debt securities	83,136
Other assets.....	15,924
Total funded credit risk exposure.....	<u>557,905</u>

The Group controls credit risk by monitoring credit limits and exposures, limiting transactions with specific counterparties, continually assessing the creditworthiness of counterparties, diversification of lending activities, compliance with internal lending limits to avoid undue concentrations of risks and by obtaining security as appropriate.

The Group's credit policy is reviewed and approved by the Board on an ongoing basis. The Group's credit policy allows for a certain degree of flexibility if circumstances warrant deviations from standard practice. All such exceptions are clearly documented and ratified by the Board.

The Group's credit risk limits are set in line with its credit criteria and reviewed on an annual basis. Credit exposure to individual customers or groups of customers is controlled through a tiered hierarchy of delegated approval authorities and is based on several factors including, but not limited to, country risk rating, industry risk rating, counterparty risk rating and assessment of facility risk.

Significant counterparty credit exposures, industry exposures and sector exposures are reviewed by executive management on a regular basis.

The table below sets out the Group's concentration of its gross loans and advances portfolio by counterparty and industry sector, in each case as at 30 September 2017.

	<u>As at 30 September 2017</u>
	<i>(AED millions)</i>
Counterparty	
Government sector.....	4,518
Public sector	58,578
Banking sector	23,300
Corporate / private sector.....	183,868
Personal / retail sector.....	70,994
Gross loans and advances.....	<u>341,258</u>

	<u>As at 30 September 2017</u>
	<i>(AED millions)</i>
Industry	
Agriculture.....	289
Energy	17,383
Manufacturing.....	20,348

	As at 30 September 2017
	<i>(AED millions)</i>
Construction.....	13,652
Real estate.....	82,524
Trading.....	22,958
Transport and communication.....	27,191
Banks.....	23,300
Other financial institutions.....	28,222
Services.....	29,878
Government.....	4,518
Personal – loans and credit cards.....	70,994
Gross loans and advances.....	341,258

The table below sets out the Group's credit concentration in respect of its non-trading debt securities portfolio by counterparty and by external credit ratings, in each case as at 30 September 2017.

	As at 30 September 2017
	<i>(AED millions)</i>
Counterparty type	
Government.....	34,497
Supranational.....	3,392
Public sector.....	23,881
Banking sector.....	15,492
Corporate / private sector.....	8,064
Total debt securities.....	85,326

	As at 30 September 2017
	<i>(AED millions)</i>
External credit rating	
AAA.....	13,562
AA to A.....	52,319
BBB to B.....	14,963
CCC and Below.....	70
Unrated.....	4,412
Total debt securities.....	85,326

The Group operates a system of approval limits for its corporate lending, which is reviewed on a regular basis.

In line with the Group's credit policy, various types of credit risk mitigants – such as collaterals, guarantees, netting agreements and credit derivatives – are being used to mitigate risks. The mitigants are usually in the form of cash collateral or securities, legal charges over customer's assets, third party guarantees or assignments over receivables. As per the Group's internal policies, all of the mitigants are valued and monitored at regular intervals. Responsibility for day-to-day management of existing credit exposure is delegated to credit officers who comply with the regular credit review requirements set out in the Group's credit manual. Credits are assessed using an internal credit risk evaluation system based on detailed qualitative and quantitative criteria.

In assessing its credit exposure, the Group's corporate customers are classified into 11 rating categories ranging from 1 (highest rating) to 11 (default rating). For regulatory reporting purposes, the Group reports its loans to the UAE Central Bank on a five grade scale where 1 is performing, 2 is watch list, 3 is sub-standard, 4 is doubtful and 5 is loss. In accordance with Circular 28/2010 issued by the UAE Central Bank on 11 November 2010, Grades 1 and 2 are considered as performing whereas Grades 3, 4 and 5 are considered as non-performing.

The tables below set out the Group's categorisation by credit quality of the following asset classes as at 30 September 2017.

As at 30 September 2017				
	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
<i>(AED millions)</i>				
Cash and balances with Central Banks.....	114,729	–	–	114,729
Due from banks and financial institutions.....	15,836	–	–	15,836
Loans and advances, gross.....	319,977	9,224	12,057	341,258
Other assets.....	15,924	–	–	15,924
Non-trading investments.....	83,136	–	–	83,136
Gross exposure	549,602	9,224	12,057	570,883
Interest suspended.....	–	–	–	(1,824)
Provision held.....	–	–	–	(11,153)
Funded credit risk exposure	–	–	–	557,905

Loans and advances categorised under the "past due but not impaired" grade are accounts where either contractual principal or interest cash flows are past due but the underlying assets are not impaired. When these accounts exhibit some weakness in the borrower's financial condition and creditworthiness, requiring more than normal attention, such weakness is specifically monitored to ensure that the quality of the asset does not deteriorate. On this class of asset, the Group believes that assigning a specific impairment is not appropriate. "Individually impaired" assets are those where payment of principal is in arrears beyond 90 days or there is the possibility that the Group will be unable to recover some or all of the full amount. Such assets are considered as Non-Performing Assets ("NPAs").

The tables below set out an analysis of the Group's past due but not impaired loans by age as at 30 September 2017.

As at 30 September 2017					
	<30 days	31 to 60 days	61 to 90 days	>91 days	Total
<i>(AED millions)</i>					
Past due but not impaired loans and advances	1,746	2,125	1,378	3,976	9,224

The classification of consumer loans into individually impaired and non-performing (either 'substandard', 'doubtful' or 'loss') and related specific provisioning is calculated based on pre-determined delinquency (or 'days past due') buckets. For corporate loans, classifications are assigned and specific impairment provisioning is determined in accordance with the regulations of the UAE Central Bank and with IAS 39 and reflect the shortfall in net present value of future cash flows.

In addition to assigning specific impairment charges, the Group also assesses and, where necessary, books a collective impairment allowance. The Group applies IFRS principles and UAE Central Bank guidelines in relation to incurred but not identified losses for groups of homogeneous assets. The similar risk characteristics of these assets are indicative of the borrower's ability to pay amounts due according to the contractual terms on the basis of the credit risk evaluation or grading process. This risk evaluation considers asset type, industry, geographical location, collateral type, past due status and other relevant factors.

Further, the Group will also be adhering to IFRS 9 with effect from 1 January 2018. The IASB issued IFRS 9 in July 2014 as a replacement of IAS 39: Financial Instruments: Recognition and Measurement. The standard includes requirements for recognition, measurement, impairment, de-recognition and general hedge accounting. The mandatory effective date is for the annual period beginning on or after 1 January 2018. All banks and financial institutions in the UAE are required by the UAE Central Bank to adhere to IFRS 9 standards when preparing financial statements with effect from 1 January 2018. See "Risk Factors – A substantial increase in new impairment allowances or losses greater than the level of

previously recorded impairment allowances for doubtful loans and advances to customers would adversely affect the Bank's results of operations and financial condition" for further information on IFRS 9.

The Group ceases to accrue income on any loan wherein a reasonable doubt, with respect to collection of unpaid interest or fees, exists or where a loan is classified as an NPA. As at 30 September 2017, loans and advances on which interest is not being accrued or is suspended amounted to AED 10,233 million (equal to 3.0 per cent. of total gross loans as at 30 September 2017).

As at 30 September 2017, provision for impaired loans and advances amounted to AED 11,153 million representing 109.0 per cent. of all NPLs. The ratio of NPLs to total gross loans was 3.0 per cent. as at 30 September 2017.

It is the Group's policy to write off impaired assets only after all reasonable restructuring and collection efforts have been undertaken and where the possibility of any further recovery is considered remote. For the nine month period ended 30 September 2017, the Group wrote off AED 2,250 million.

Counterparty Credit Risk for Derivative Transactions

Credit risk in respect of derivative financial instruments arises from the potential for a counterparty to default on its contractual obligations and is limited to the positive market value of instruments that are favourable to the Group. The positive market value is also referred to as the "replacement cost" since it is an estimate of what it would cost to replace transactions at prevailing market rates if a counterparty defaults. Derivatives are used by the Group to help manage its balance sheet risks in an efficient manner and are also offered to the Group's clients with back-to-back transactions executed with other financial institutions. The majority of the Group's derivative contracts are entered into with other financial institutions with investment grade credit ratings from the main credit rating agencies.

Market risk

Market risk is defined as the risk of losses in the Group's on or off balance sheet positions arising from movements in interest rates, credit spreads, foreign exchange rates and the prices of its debt, equity and commodity investments.

The Group has established independent market risk functions comprising the following:

- *market risk oversight*: which has responsibility for tracking the magnitude of market risk on a daily basis and acting as the single point of contact to address any issues identified with the trading and investments team;
- *market risk analytics*: which has responsibility for establishing and maintaining a risk / pricing model, market data validation and the development of quantitative techniques for risk management; and
- *risk control and middle office*: which has responsibility for collateral management and risk reporting to executive management on a daily basis.

The Group has established policies and guidelines for managing trading activities and investments that are subject to market risk. These policies and guidelines are reviewed and approved by the Group Risk and Compliance Committee and further ratified by Board level committees on an annual basis. These guidelines stipulate inter-alia the risk appetite for market risk through a comprehensive limit structure covering exposure, sensitivities, concentration and Value-at-Risk and lay down the investment criteria for each asset class.

Positions in the Group's trading and investment book portfolio are created subject to compliance with the trading, investment and market risk policies and guidelines.

The Group's market risk unit also carries out regular scenario analysis and stress testing exercises to ascertain the level of risk in the event of unforeseen movements in the Group's key risk factors.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the value of financial instruments. The Group is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off balance sheet instruments that mature or re-price in a given period. The Group manages this risk through hedging and by reviewing the re-pricing of assets and liabilities through risk management strategies. The asset and liability management risk team monitors the gaps and reports both interest rate risk and liquidity risk to the Group Asset and Liability Committee on a monthly basis. The Group's sensitivity to interest rate changes is reduced by the fact that a very significant part of its loans and advances can be re-priced on either a monthly or quarterly basis.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's functional currency is the UAE dirham. As the UAE dirham has been pegged to the U.S. dollar since 1980, positions in U.S. dollars have not generally been considered as a significant currency risk, although this assessment has been re-evaluated in recent years given increased market speculation concerning the possible abolition of the currency peg in a number of GCC countries in response to the volatile oil price environment. The Group's foreign exchange positions are monitored on a daily basis to ensure that they are maintained within established limits set by the Group Risk and Compliance Committee. The Group uses forward foreign exchange contracts and currency swaps to hedge against specifically identified currency risks.

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the values of individual securities. The Group invests in international equities and hedge funds and also acts as a broker for trading in local and international equities. The Group manages its equity price risk through limits for each product and limits by country, currency, sector and dealer where appropriate in order to ensure diversification of its equity investments in terms of both geographical distribution and industry concentration. All outstanding own-account open positions are monitored daily and appropriate limits are in place.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. Liquidity risk can be caused by market disruptions or deterioration in the Group's credit quality which may adversely impact certain sources of funding. Liquidity risk management seeks to ensure that, even under adverse conditions, the Group has access to the funds necessary to cover customer needs, maturing liabilities and the capital requirements of its operations. In accordance with Basel III guidelines, the Group monitors its LCR and maintains a portfolio of HQLAs. As at 30 September 2017, the Group held a portfolio of net HQLAs valued at AED 170.8 billion and had an LCR ratio of 105.0 per cent.

Liquidity risk arises in the general funding of the Group's financing, trading and investment activities and in the management of liquidity positions. This risk involves the risk of unexpected increases in the cost of funding the portfolio of assets at appropriate maturities and rates, the risk of being unable to liquidate a position in a timely manner on reasonable terms and the risk that depositors could withdraw their funds at a rate faster than the rate at which borrowers repay their loans, thus causing liquidity strain.

The Group seeks to maintain liquid assets at prudent levels to ensure that cash can be made available quickly to honour its obligations, even under adverse conditions. To further address liquidity risk, the Group's management has established liquidity monitoring procedures and is diversifying the Group's funding sources in terms of origin and tenor. In addition, the Group maintains a statutory deposit with the UAE Central Bank and has a range of credit lines from banks and financial institutions.

The following table sets out the percentage of liquid assets (cash and due from the UAE Central Bank and financial institutions) compared to total assets as at 30 September 2017.

	As at 30 September 2017
	<i>(per cent.)</i>
Liquid assets	24.5
Loans and advances	50.9
Investments	17.3
Other assets	17.2
Total assets	100

The day-to-day management of liquidity within the framework of the Group's liquidity risk policy is the responsibility of the asset and liability management desk with global markets which is overseen in this regard by the Group Asset and Liability Committee. The Group uses a maturity ladder (time bucket) approach for managing its liquidity.

The Group's liabilities, in particular its customer deposits, are principally short-term in nature whereas its assets, in particular its loans and advances, are generally of a longer term. The Group believes that this apparent maturity gap is mitigated by the fact that a large part of its customer deposits, although contractually of a short-term nature, as is customary practice in the UAE, historically have been maintained for longer periods. The Group believes that this reflects the strength of its relationship with its principal depositors. Other mitigants include the Group's liquid asset balances, including a part of its investment portfolio and the fact that a number of its loans repay on an instalment basis. Notwithstanding these mitigants, there remains a risk that the Group could be exposed to liquidity risks should there be a significant downturn in market conditions allied with a significant removal of deposits from the Group.

With respect to liquidity risk related ratios, the UAE Central Bank made it mandatory for all UAE based banks to comply with the Eligible Liquid Assets Ratio ("**ELAR**") and Advances to Stable Resources Ratios ("**ASRR**") as of 1 January 2016, while giving an option for banks to apply for compliance with the Basel III LCR and Net Stable Funding Ratio ("**NSFR**") in accordance with the timelines set by the Bank for International Settlements ("**BIS**"). All the aforementioned liquidity ratios are monitored and reviewed by the Group Asset and Liability Committee.

Derivatives

In the ordinary course of its business, the Group enters into a range of transactions that involve derivative instruments. In these transactions, the Group assists its customers and counterparties (typically other financial institutions) in altering their risk profile in a particular area by structuring transactions to meet the particular needs of the customer or counterparty. The positions accumulated from such activity are typically passed on to others in the market but may also be managed as open positions with a view to a limited profit. The Group manages the risks involved in this activity through appropriate limits and stop loss parameters established and monitored by the risk management division.

The Group also enters into derivative transactions to hedge its currency, interest rate and cash flow risks as part of its asset and liability management activities. This hedging may be in respect of specific financial instruments, forecasted transactions or strategic hedging against overall balance sheet exposures.

The total derivatives book by notional value as at 30 September 2017 was AED 1,676 billion (with a negative mark-to market of AED 4.0 billion).

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events, including fraud. The Group has set up an independent operational risk team within the risk management unit for development and automation of an operational risk framework, for monitoring of operational losses on a regular basis and for necessary reporting to executive management. The Group has a dedicated team for the purposes of investigating suspected incidents of fraud.

Detailed operational manuals, internal control mechanisms (including segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes), periodic reviews

and internal and external audits are tools employed for sound assessment, monitoring and management of operational risk in the Group's business. The Group is in the process of automating the process related to operational risk management through system implementation. The Group has in place an enterprise fraud risk monitoring system to monitor suspicious transactions.

Legal risk

Legal risk is the risk of losses due to legal or regulatory action that invalidates or otherwise precludes performance by the Group or any of its counterparties under the terms of its contractual agreements. The Group seeks to mitigate this risk through the use of properly reviewed standardised documentation and obtaining appropriate legal advice in relation to its non-standard documentation.

The Group is compliant with FATCA. In line with the inter-governmental agreement finalised by the UAE federal government with the United States government, the Group has completed its FATCA registration and obtained its Global Institution Identification Number for the Bank and all of its subsidiaries and international branches.

MANAGEMENT

Board of Directors

The Group operates under the direction of the Board, which is the principal decision-making forum with overall responsibility for the Group's strategy and for monitoring the performance of the Group's businesses and executive management. As at the date of this Offering Memorandum, the Board comprises nine non-executive members. Each member of the Board is elected at a shareholders' general assembly meeting for a period of three years. All elected directors seeking to serve an additional term are required to seek re-election by the shareholders every three years.

The primary mandate of the Board is to align the Group's strategic objectives, risk appetite and overall corporate governance framework with the best interests of the Group and thereby maximise value for shareholders. This mandate is coupled with responsibility for monitoring and maintaining the Group's financial and economic stability and safeguarding the rights and benefits of all of the Group's stakeholders. Decisions of the Board are, with limited exceptions, made by majority votes of those present (in person or by proxy) at the meeting. The Board and the Group's executive management have delegated certain powers to committees, as described below.

The roles of the Chairman of the Board and the Group's Chief Executive Officer ("GCEO") are separate and independent of one another and there is a clear segregation of their respective duties and responsibilities. The Chairman's main responsibility is to lead the Board and ensure the effective engagement and contribution of all directors, so that the Board may fully discharge its legal and regulatory responsibilities.

The Board appoints the GCEO and specifies his powers and authority. The day-to-day management of the Group's business has been delegated by the Board to the GCEO, who is assisted by the other members of executive management. The GCEO, assisted by the other members of executive management, is responsible for controlling and monitoring the Group's business on a day-to-day basis, recommending strategy to the Board, leading executive management and implementing the Board's strategic and operational decisions.

Any candidate for appointment as a director must be considered and approved by the Board's Remuneration and Nomination Committee, the UAE Central Bank and the Group's shareholders at its General Assembly.

The table below shows the names of the members of the Board as at the date of this Offering Memorandum.

<u>Name</u>	<u>Position</u>
H.H. Sheikh Tahnoon Bin Zayed Al Nahyan	Chairman
H.E. Nasser Ahmed Khalifa Ahmed Alsowaidi	Vice-Chairman
H.E. Sheikh Mohammed Bin Saif Bin Mohammed Al Nahyan	Board Member
H.E. Khaldoon Khalifa Al Mubarak	Board Member
H.E. Sheikh Ahmed Mohammed Sultan Al Dhaheri	Board Member
H.E. Mohammed Thani Murshed Ghanem Al Rumaithi	Board Member
H.E. Khalifa Sultan Ahmed Sultan Al Suwaidi	Board Member
H.E. Jassim Mohammed Al Siddiqi	Board Member
H.E. Mohammed Saif Al Suwaidi	Board Member

Detailed below is brief biographical information about each member of the Board as at the date of this Offering Memorandum.

H.H. Sheikh Tahnoon Bin Zayed Al Nahyan – Chairman

H.H. Sheikh Tahnoon Bin Zayed Al Nahyan is the chairman of the Group and the former Chairman of FGB. He also serves as an advisor to the National Security of the United Arab Emirates and chairman of Royal Group.

H.E. Nasser Ahmed Khalifa Ahmed Alsowaidi – Vice-Chairman

H.E. Nasser Ahmed Khalifa Ahmed Alsowaidi is the Vice-Chairman of the Group and the former chairman of NBAD. Over the last 25 years, he has held positions across various economic and financial Government bodies in the UAE, including the Executive Council, the Abu Dhabi Investment Authority (ADIA) and the Abu Dhabi National Oil Company (ADNOC). He holds a degree in economics from the California State Polytechnic University, USA.

H.E. Sheikh Mohammed Bin Saif Bin Mohammed Al Nahyan – Board Member

H.E. Sheikh Mohammed Bin Saif Bin Mohammed Al Nahyan is a non-executive director of the Board and a former NBAD board member. He is also the chairman of the Abu Dhabi National Insurance Company which is a leading and prominent insurance provider in the region. He also holds the role of the chairman of its risk management committee. He holds a degree in international economics and history from the American University of Paris, France.

H.E. Khaldoon Khalifa Al Mubarak – Board Member

H.E. Khaldoon Khalifa Al Mubarak is a non-executive director of the Board, having previously served as a non-executive director on FGB's board. In 2007 he was made a Commander of the Star of the Order of the Italian Solidarity for his contribution to the international reputation of Italy and its economic relationship with the UAE. He is also co-chair of the Abu Dhabi-Singapore Joint Forum, established to strengthen economic and political ties between the Emirate of Abu Dhabi and the Republic of Singapore. He also serves as the managing director and group chief executive officer of Mubadala Investment Company with responsibility for ensuring the company's business strategy is aligned with Abu Dhabi's economic diversification efforts. He is the chairman of the Executive Affairs Authority of the Government of Abu Dhabi, which provides strategic policy advice to the chairman of the Abu Dhabi Executive Council, of which he is also a member. He is chairman of the Emirates Nuclear Energy Corporation and Emirates Global Aluminium. He has a degree in economics and finance from Tufts University, Boston, USA.

H.E. Sheikh Ahmed Mohammed Sultan Al Dhaheri – Board Member

H.E. Sheikh Ahmed Mohammed Sultan Al Dhaheri is a non-executive director of the Board, having previously served as a non-executive director on NBAD's board. He is also the Chairman of Bin Srour Engineering. He has previously served as undersecretary of the Department of Social Services and Commerce Building from 1996 until 2009. He holds a bachelor degree in civil engineering science. His external appointments include acting as a member of Abu Dhabi National Consultative Council, a board member of Emirates Telecommunications Corporation (Etisalat), vice chairman of Abu Dhabi National Hotels Company and vice chairman of Abu Dhabi Aviation.

H.E. Mohammed Thani Murshed Ghanem Al Rumaithi – Board Member

H.E. Mohammed Thani Murshed Ghanem Al Rumaithi is the head of the Commercial Arbitration Committee at the Abu Dhabi Chamber of Commerce. He is the Second Vice President of the Federation of Chambers of the GCC. He is the Chairman of the Federation of the UAE Chambers of Commerce & Industry, Chairman of the Abu Dhabi Chamber of Commerce & Industry, National Marine Dredging Co., Arabtec Holding and Thani Murshed Unilever. He is also a board member of Al Etihad Credit Bureau.

H.E. Khalifa Sultan Ahmed Sultan Al Suwaidi – Board Member

H.E. Khalifa Sultan Ahmed Sultan Al Suwaidi is a non-executive director of the Board, having previously served as a non-executive director on NBAD's board. He is an executive director of the Direct Investment Department at the Abu Dhabi Investment Council. Prior to this, he was the deputy director of the External Funds (Americas) Department at the Abu Dhabi Investment Authority. He holds a degree in business administration (finance) and an MSC in finance from Seattle University, USA and is a chartered financial

analyst. External appointments include board member of Union National Bank, board member of Abu Dhabi National Insurance Company and board member of Barakah One.

H.E. Jassim Mohammed Al Siddiqi – Board Member

H.E. Jassim Mohammed Al Siddiqi is a non-executive director of the Board, having previously served as a non-executive director on FGB's board. He also serves as managing director and chief executive officer of Abu Dhabi Financial Group. He is also the chairman of Shuaa Capital and Eshraq Properties PJSC and is also a director of GFH Financial Group B.S.C, the Tourism and Development Investment Company and Abu Dhabi Capital Group. He holds a bachelor of science in electrical engineering from the University of Wisconsin-Madison and earned his masters of science degree in electrical engineering from Cornell University in the United States.

H.E. Mohammed Saif Al Suwaidi – Board Member

H.E. Mohammed Saif Al Suwaidi is a non-executive director of the Board, having previously served as a non-executive director on FGB's board. He also currently holds the following external positions: director general of the Abu Dhabi Fund for Development, the chairman of Al Ain Farms for Livestock Production, the vice chairman of the Arab Bank for Investment and Foreign Trade, a board member of the Centre of Food Security of Abu Dhabi and the vice chairman of the Arab Bank for Investment and Foreign Trade, a board member for UAE Red Crescent, Agthia, CEPESA and DP World. He holds a bachelor of science degree in business administration from California Baptist University in the United States.

The business address of each member of the Board is First Abu Dhabi Bank PJSC, FAB Building, Khalifa Business Park – Al Qurm District, P.O. Box 6316, Abu Dhabi, United Arab Emirates.

Certain members of the Board, their families and companies of which they, or members of their families, are principal owners, or of which they are employees, are customers of the Group in the ordinary course of business. The transactions with these parties are made at arm's length and on substantially the same terms, including interest rates, as those prevailing at the same time for comparable transactions with unrelated parties. See "*Selected Financial Information – Related Party Transactions*" and Note 28 (*Related parties*) to the Interim Financial Statements.

Except as disclosed in the next paragraph, no member of the Board named in the table above has any actual or potential conflict of interest between his duties to the Group and his private interests and/or other duties.

Each of the directors of the Group named in the table above has outside interests in entities other than the Group, including employment and/or directorships with third parties (as set out in their respective biographies). Given the wide scope of the Group's operations, such entities have banking and/or other commercial relationships with the Group. Some Board members also have personal banking relationships with the Group. As the directors are involved in the Group's decision-making process and have knowledge of the Group's products and services, including the commercial terms thereof, a potential conflict of interest may arise. However, the Group has established robust internal procedures to deal with any such potential conflict, including the relevant director being excluded from voting at board meetings on issues which relate to the relevant director's and/or other connected entity's dealings with the Group.

The Group is committed to managing all related party transactions and potential conflicts of interest which may arise and to meet the Group's obligations to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage related party transactions and conflicts of interest.

The Group's code of conduct covers the conduct of members of the Board. The code binds signatories to the highest standards of professionalism and due diligence in the performance of their duties. It also covers conflicts of interest, disclosure and the confidentiality of insider information. Members of the Board are bound by specific regulations relating to insider trading and are required to disclose details of their shareholdings in the Group.

The Group maintains a register for all conflict of interest cases.

Board committees

The Board has established the following four Board-level committees which are described below. The roles and authorities of each Board committee are defined and delegated by the Board and are described in each committee's charter. Each Board committee reviews its charter on a periodic basis and submits any recommendations for amendments or updates to the Board for approval. The Board committees also submit reports to the Board's Chairman each quarter regarding their respective duties.

Board Remuneration and Nomination Committee

The Board Remuneration and Nomination Committee comprises three members of the Board and the GCEO as an executive member. The Board Remuneration and Nomination Committee has overall responsibility for recommending and overseeing the appointment of members of the Board and executive management and ensuring that they discharge their responsibilities in the interests of the shareholders and the Group as a whole. The Board Remuneration and Nomination Committee also oversees (and has ultimate responsibility for approving) compensation packages (including, but not limited to, fixed and variable salaries, long term incentives and other benefits) and ensures that these are appropriate and consistent with the Group's culture, business and risk strategy, performance and control environment as well as with any legal or regulatory requirements.

As at the date of this Offering Memorandum, the members of the Board Remuneration and Nomination Committee are: H.H. Sheikh Tahnoon Bin Zayed Al Nahyan – Chairman, H.E. Nasser Ahmed Khalifa Ahmed Alsowaidi, H.E. Khaldoon Khalifa Al Mubarak and the GCEO.

A quorum of a majority of the members is required to convene a meeting of the Board Remuneration and Nomination Committee. Only members of the Board Remuneration and Nomination Committee and the Group's Chief People Officer (as a permanent invitee) are entitled to attend the committee's meetings, although members of management and other specialists may be invited to attend meetings upon request of the committee.

The Board Remuneration and Nomination Committee is required to hold a minimum of 2 meetings' per year and provides regular reports to the Board.

Board Management Committee

The Board Management Committee comprises four members of the Board and the GCEO as an executive member. The Board Management Committee, on behalf of the Board, is responsible for approving and overseeing the execution of the Group's business plan in line with the Board approved strategy. The Board Management Committee oversees the Group's overall management and ensures that the Group's business policies and practices are in line with the Group's business interests and are in alignment with sound corporate governance and compliance standards including provisions of the UAE Central Bank.

As at the date of this Offering Memorandum, the members of the Board Management Committee are: H.E. Khaldoon Khalifa Al Mubarak – Chairman, H.E. Sheikh Mohammed Bin Saif Bin Mohammed Al Nahyan, H.E. Mohammed Saif Al Suwaidi, H.E. Jassim Mohammed Al Siddiqi and the GCEO.

A quorum of a majority of the members is required to convene a meeting of the Board Management Committee and only members of the Board Management Committee are entitled to attend the committee's meetings, although members of management and other specialists may be invited to attend meetings upon request of the committee.

The Board Management Committee is required to hold a minimum of 4 meetings' per year and provides regular reports to the Board.

Board Risk and Compliance Committee

The Board Risk and Compliance Committee comprises three members of the Board and the GCEO as an executive member. Under authority delegated by the Board, the Board Risk and Compliance Committee plays a key role in the fulfilment of corporate governance standards and overall risk management by assisting the Board in the formulation of strategy for enterprise-wide risk management, evaluation of overall risks faced by the Group, alignment of risk policies with business strategies and ultimate determination of the level of risks which will be in the best interests of the Group through risk based

capital planning. The Board Risk and Compliance Committee, by virtue of powers delegated to it by the Board, also approves changes in risk management policies as and when required.

As at the date of this Offering Memorandum, the members of the Board Risk and Compliance Committee are: H.E. Khalifa Sultan Ahmed Sultan Al Suwaidi – Chairman, H.E. Mohammed Thani Murshed Ghanem Al Rumaithi, H.E. Mohammed Saif Al Suwaidi and the GCEO.

A quorum of a majority of the members is required to convene a meeting of the Board Risk and Compliance Committee. Only members of the Board Risk and Compliance Committee and the Group's Chief Risk Officer (as a permanent invitee) are entitled to attend the committee's meetings, although members of management and other specialists may be invited to attend meetings upon request of the committee.

The Board Risk and Compliance Committee is required to hold a minimum of 4 meetings per year and provides regular reports to the Board.

Board Audit Committee

The Board Audit Committee comprises three members of the Board and the GCEO as an executive member. This committee is principally responsible for reviewing the internal audit programme, considering the major findings of each internal audit review, making appropriate investigations and responses, ensuring co-ordination between the internal and external auditors, keeping under review the effectiveness of internal control systems, and in particular reviewing the external auditor's management letter and management's response thereto.

As at the date of this Offering Memorandum, the members of the Board Audit Committee are: H.E. Jassim Mohammed Al Siddiqi – Chairman, H.E. Mohammed Thani Murshed Ghanem Al Rumaithi, H.E. Sheikh Ahmed Mohammed Sultan Al Dhaheri and the GCEO.

A quorum of at least 3 members (inclusive of the Chairman) is required to convene a meeting of the Board Audit Committee. Only members of the Board Audit Committee and the Group's Chief Audit Officer (as a permanent invitee) are entitled to attend the committee's meetings, although members of management and other specialists may be invited to attend meetings upon request of the committee.

The Board Audit Committee is required to hold a minimum of 4 meetings per year and provides regular reports to the Board.

Executive management

The Group has an experienced executive management team which is responsible for day-to-day supervision and control of the Group's business, particularly with respect to ensuring functionality of compliance and risk control, independence of functions, and separation of duties. Business policies, accounting policies and operations procedures and controls are documented and communicated through policies and standard operating procedures manuals which cover all areas and activities of the Group. All significant policies are reviewed and approved by the Board.

Name	Position
Mr. Abdulhamid Saeed	Group Chief Executive Officer
Mr. André Sayegh	Deputy Group Chief Executive Officer and Group Head of CIB
Ms. Hana Al Rostamani	Group Head of PBG
Mr. Karim Karoui	Group Head of Subsidiaries, Strategy and Transformation
Mr. James Burdett	Group Chief Financial Officer
Mr. Shireesh Bhide	Group Chief Credit Officer

Name	Position
Mr. Arif Shaikh	Group Chief Risk Officer
Mr. P K Medappa	Group Chief People Officer
Mr. Zulfiqar Ali Sulaiman	Group Chief Operating Officer, Group Chief Integration Officer and Group Head of International Banking
Mr. Fadhel A. B. Al Ali	Group Chief Customer Experience and Digital Officer

Detailed below is brief biographical information about each member of the Group's executive management team as at the date of this Offering Memorandum.

Mr. Abdulhamid Saeed – Group Chief Executive Officer

Mr. Saeed is the GCEO and was a former FGB board member and managing director of FGB. He is also the Managing Director of Al Reem Investments and a board member of Mubadala Investment Company. Mr. Saeed also serves on the board of directors of Sky News Arabia and Abu Dhabi Financial Group. He has more than 30 years' experience in the financial institution sector. Before moving to FGB in 1999, Mr. Saeed worked at Citibank in the UAE for eighteen years where he also held various key positions. Mr. Saeed graduated from the University of Arizona, USA with a bachelor's degree in business administration.

Mr. André Sayegh – Deputy Group Chief Executive Officer and Group Head of CIB

Mr. Sayegh is the Group's Deputy Chief Executive Officer and Group Head of CIB, before which he served as chief executive officer at FGB since 2006.

He has over two decades of banking and financial services experience. Prior to his nomination as FGB chief executive officer, Mr. Sayegh had served as the chief operating officer of FGB since 1999 and was responsible for corporate banking, credit, risk and legal, operations and human resources.

Before joining FGB, Mr. Sayegh also worked with leading regional financial institutions. He was with Citibank within corporate banking, consumer banking and private banking in various international locations. He also served with Arab Bank in Lebanon and with a leading investment firm in Canada.

Fluent in Arabic, English, French and Spanish, Mr. Sayegh holds a BBA in Finance and an MBA in Corporate Finance and Banking from the American University of Beirut, Lebanon. He has also completed a project at Columbia University, majoring in the evolution of financial institutions.

Ms. Hana Al Rostamani – Group Head of PBG

Ms. Al Rostamani is the Group's Head of PBG, before which she served as head of consumer banking at FGB where she was responsible for the growth of FGB's consumer banking group in the UAE.

Previously she worked with FGB in corporate strategy, corporate communications, branding, branch management, product development, consumer credit policy, card operations management and consumer behaviour metrics. She has a Masters degree in Information Management from the George Washington University, USA and has also completed a Certificate in Bank Card Management from the Visa International Association and the U.K. Chartered Institute of Bankers.

Mr. Karim Karoui – Group Head of Subsidiaries, Strategy and Transformation

Mr. Karoui is the Group's Head of Subsidiaries, Strategy and Transformation, prior to which he served as FGB's chief financial officer.

Mr. Karoui has more than 24 years of banking experience and also has extensive experience in company audit and financial management. Before joining FGB, Mr. Karoui worked with leading regional and financial institutions, including Citibank in Tunisia for over eight years. Mr. Karoui is also a board

member of the following subsidiaries of the Bank: Aseel, Dubai First and First Gulf Libyan Bank. He holds a Masters Degree in Accounting from IHEC, Carthage, Tunisia.

Mr. James Burdett – Group Chief Financial Officer

Mr. Burdett is the Group's Chief Financial Officer having held the same position at NBAD since joining NBAD from ANZ on 30 April 2014. At ANZ, Mr. Burdett also served as chief financial officer for international and institutional banking. Prior to his role at ANZ, Mr. Burdett was chief financial officer at ANZ for the Asia-Pacific, Europe and Americas regions. Mr. Burdett also spent 17 years at HSBC, initially serving as chief financial officer for various regional operations positions before undertaking the role of group head of management information, planning and analysis and a member of the finance management board chaired by the HSBC group chief financial officer. In his role as Group Chief Financial Officer, Mr. Burdett has responsibility for the Group's finance and treasury functions.

Mr. Burdett has worked for a number of international banks in Hong Kong, Australia, England, Singapore, China and Indonesia. Mr. Burdett is a Chartered Accountant and studied Accounting and Finance at the Auckland Institute of Technology, New Zealand.

Mr. Shireesh Bhide – Group Chief Credit Officer

Mr. Bhide is the Group's Chief Credit Officer having previously served in the same role at FGB.

Mr. Bhide has around 25 years of international banking experience in various leadership roles across the industry. Mr. Bhide worked with Citibank in India, South Africa and Uganda for almost 20 years in various roles before leaving to join The National Commercial Bank in Jeddah, Saudi Arabia. He joined FGB as its Chief Credit Officer in March 2013 and was subsequently appointed as acting Head of FGB's Wholesale Banking and International team in May 2016.

Mr. Bhide holds an MBA from the University of Poona, India and a postgraduate diploma in accounting and finance from the London School of Economics.

Mr. Arif Shaikh – Group Chief Risk Officer

Mr. Shaikh is the Group's Chief Risk Officer, having previously served in the same role for FGB.

He has 31 years of experience in Enterprise Risk Management (ERM), Governance, Legal, Audit and Strategic Business Review functions. He has led several audit and risk assignments as Head of Audit for South Asia at Standard Chartered Bank and ANZ Grindlays Bank in India. Mr. Shaikh has worked across multiple financial institutions across the UAE, India, Hong Kong and Australia.

Mr. Shaikh is a Chartered Accountant and an Associate Member of the Institute of Chartered Accountants in India. He holds a Bachelor's Degree in Law from Government Law College, India.

Mr. P K Medappa – Group Chief People Officer

Mr. Medappa was appointed as the Group's Chief People Officer on 1 April 2017, having joined FGB in January 2017 as Group Chief People Officer designate for the merged entity.

Mr. Medappa has over 30 years of human resources experience in the banking industry including holding senior human resources positions. He has previous significant experience of leading mergers from the human resources perspective in Asia.

Prior to his appointment as the Group's Chief People Officer, he served most recently as group head of human resources with Standard Chartered Bank in Singapore. He holds a Masters degree in Personnel Management and Employee Relations.

Mr. Zulfiqar Ali Sulaiman – Group Chief Operating Officer, Group Chief Integration Officer and Group Head of International Banking

Mr. Sulaiman is the Group's Chief Integration Officer and Head of International Banking, before which he served as chief operating officer at FGB with responsibility for managing FGB's support functions including IT, operations, corporate real estate services and administration. Mr. Sulaiman has more than 35

years of banking experience in the Middle East, Africa and South Asia. Prior to joining FGB, he held a number of senior positions including chief financial officer, Country Compliance and Control Head at Citibank and Head of Citibank in Oman. He holds a Bachelors Degree in Commerce, majoring in Accounting and Finance from Karachi University, Pakistan as well as a Certificate in the Master of Business Administration Programme in Accounting and Finance from the Institute of Business Administration, Karachi, Pakistan.

Mr. Fadhel A.B. Al Ali – Group Chief Customer Experience and Digital Officer

Mr. Al Ali is the Group's Chief Customer Experience and Digital Officer. He joined the Group on 1 July 2017. Mr. Al Ali has extensive experience in corporate governance and strategic commercial roles across a range of industries, including real estate, hospitality, investment and banking. Prior to joining the Group, he was appointed as chief executive officer of Dubai Holding. He has also worked at Citibank as Head of UAE distribution and spent nearly 15 years of his career at Citibank. He holds a Bachelors Degree in Industrial and System Engineering from the University of Southern California.

The business address of each member of the executive management is First Abu Dhabi Bank PJSC, FAB Building, Khalifa Business Park – Al Qurm District, P.O. Box 6316, Abu Dhabi, United Arab Emirates.

No member of the Group's executive management has any actual or potential conflict of interest between his duties to the Group and his private interests and/or other duties.

Executive management committees

Brief descriptions of the Group's executive management committees are set out below.

Group Executive Management Committee

The Group Executive Management Committee is the Group's most senior management level committee and it operates under a delegated authority from the Board. The Group Executive Management Committee supports the GCEO to determine and implement the Group's strategy as approved by the Board.

As at the date of this Offering Memorandum, the Group Executive Management Committee has 12 voting members, with one non-voting member (the Group Chief Audit Officer who is a permanent invitee). The GCEO serves as chairman of the committee. A quorum of 6 members is required to convene a meeting.

The Group Executive Management Committee is required to meet at least monthly or as otherwise required. To date in 2017, the Group Executive Management Committee has met six times.

Group Risk and Compliance Committee

The Group Risk and Compliance Committee operates under a delegated authority from the Group Executive Management Committee and also assists the Board Risk and Compliance Committee. The primary objectives of the Group Risk and Compliance Committee are to define, develop and periodically monitor the Group's risk appetite along with its related methodology, parameters, targets, and tolerances taking into account the Group's strategy and business planning. In addition the committee is accountable to highlight, discuss and monitor key regulations, both local and international and as they apply to all businesses where the Group operates. The committee will report relevant matters to the Group Executive Management Committee and, as appropriate, the Board Risk and Compliance Committee, advising and informing them as required on the Group's risk appetite and framework and on key compliance and other regulatory risk matters.

As at the date of this Offering Memorandum, the Group Risk and Compliance Committee has 10 voting members, with the GCRO serving as chairman of the committee. A quorum of six members is required to convene a meeting.

The Group Risk and Compliance Committee is required to meet at least quarterly or as otherwise required. To date in 2017, the Group Risk and Compliance Committee has met two times.

For further information on the Group's risk management processes, see "*Risk Management*".

Group Personal Banking Credit Committee

The Group Personal Banking Credit Committee operates under a delegated authority from the Group Executive Management Committee and supports the work of the Board Management Committee (and the Board Risk and Compliance Committee) in assisting with the development and implementation of credit strategy for personal banking businesses within Group.

As at the date of this Offering Memorandum, the Group Personal Banking Credit Committee has six voting members, with the GCEO serving as chairman of the committee. A quorum of four members is required to convene a meeting.

The Group Personal Banking Credit Committee is required to meet at least quarterly or as otherwise required. To date in 2017, the Group Personal Banking Credit Committee has met once.

Group Asset and Liability Committee

The Group Asset and Liability Committee operates under a delegated authority from the Group Executive Management Committee and is the driving force and key decision maker behind the structure and quality of the balance sheet. The committee is directly accountable to the Board Risk and Compliance Committee for ensuring that the risks within the Group's asset and liability position are prudently managed by way of strong Group policy and procedures and an appropriate risk framework.

As at the date of this Offering Memorandum, the Group Asset and Liability Committee has 10 voting members, with the GCEO serving as chairman of the committee. A quorum of six members is required to convene a meeting.

The Group Asset and Liability Committee is required to meet at least monthly or as otherwise required. To date in 2017, the Group Asset and Liability Committee has met six times.

Group Corporate and Investment Banking Credit Committee

The Group Corporate and Investment Banking Credit Committee operates under a delegated authority from the Group Executive Management Committee. It assists in the development and implementation of the Group's CIB business credit strategy and policies and procedures. The principle role of the committee is to oversee the credit and lending strategies and objectives of the Group.

As at the date of this Offering Memorandum, the Group Corporate and Investment Banking Credit Committee has five voting members, with the GCEO serving as chairman of the committee. A quorum of three members is required to convene a meeting.

The Group Corporate and Investment Banking Credit Committee is required to meet at least monthly or as otherwise required. To date in 2017, the Group Corporate and Investment Banking Credit Committee has met six times.

Group International Banking Committee

The Group International Banking Committee operates under a delegated authority from the Group Executive Management Committee. It assists in defining, developing and monitoring the holistic strategy for the Group's international business and evaluation of the international regions in line with the Group's strategy and group-wide principles, including the need to meet the requirements of local laws and regulations.

A key objective of the committee is to set and approve the country strategies, structures, executive management, business review, systems and controls needed to drive the operations and business growth of the respective countries.

As at the date of this Offering Memorandum, the Group International Banking Committee has seven voting members, with the Head of International Banking serving as chairman of the committee. A quorum of four members is required to convene a meeting.

The Group International Banking Committee is required to meet at least monthly or as otherwise required. To date in 2017, the Group International Banking Committee has met twice.

Group Operations and Technology Steering Committee

The Group Operations and Technology Steering Committee operates under a delegated authority from the Group Executive Management Committee and is responsible for providing executive leadership and governance across the various operations and technology initiatives within the Group. The committee's role is to ensure that operational and technology requirements for the Group's business strategy are planned, deployed and managed in an efficient, effective and transparent manner.

As at the date of this Offering Memorandum, the Group Operations and Technology Steering Committee has three voting members and 10 cross functional non-voting members, with the Group Chief Operating Officer serving as chairman of the committee. A quorum of two members is required to convene a meeting.

The Group Operations and Technology Steering Committee is required to meet at least quarterly or as otherwise required. To date in 2017, the Group Operations and Technology Steering Committee has met once.

Group Human Resources Steering Committee

The principal role of the Group Human Resources Steering Committee is to assist the Group Executive Management Committee and the Board Remuneration and Nomination Committee in fulfilling their respective duties with regard to implementing strategic as well as operational human resource initiatives. The committee's role is also to approve human resource initiatives and policies to ensure that the Group's requirements from an employee perspective are considered and changes, as necessary, are approved or are submitted for approval to the relevant governance body. The committee is the formal sponsor of all material human resources initiatives across the Group in line with the Group's employee value proposition.

As at the date of this Offering Memorandum, the Group Human Resources Steering Committee has six members, with the GCEO serving as chairman of the committee. A quorum of four members is required to convene a meeting.

The Group Human Resources Steering Committee is required to meet at least quarterly or as otherwise required. To date in 2017, the Group Human Resources Steering Committee has met four times.

Group Real Estate Committee

The Group Real Estate Committee operates under a delegated authority from the Group Executive Management Committee and it oversees and approves the Group's real estate investment activities, in line with effective market and liquidity risk management practices and in accordance with the Group's risk policies.

As at the date of this Offering Memorandum, the Group Real Estate Committee has five voting members, with the Head of Subsidiaries, Strategy and Transformation serving as chairman of the committee. A quorum of three members is required to convene a meeting.

The Group Real Estate Committee is required to meet at least quarterly or as otherwise required. To date in 2017, the Group Real Estate Committee has met twice.

Group Islamic Banking Committee

The Group Islamic Banking Committee is appointed by the Group Executive Management Committee to oversee and direct the Group's Islamic banking businesses which primarily comprises the Group's Islamic banking window, operated under the "FAB Siraj" brand, in addition to the Group's Islamic finance house subsidiaries ADNIF and Aseel. The committee has particular responsibility for the overall risk management, governance and growth of the Islamic banking business across the Group. The committee is tasked with providing direction in respect of developments in the Islamic banking market.

As at the date of this Offering Memorandum, the Group Islamic Banking Committee has seven voting members, with the Head of Subsidiaries, Strategy and Transformation serving as chairman of the committee. A quorum of four members is required to convene a meeting.

The Group Islamic Banking Committee is required to meet at least quarterly or as otherwise required. To date in 2017, the Group Islamic Banking Committee has met once.

Group Integration Steering Committee

The Group Integration Steering Committee was established to provide direction on all matters relating to the post-Merger integration process. It is the ultimate approving authority for all post-Merger integration policies and procedures and, as such, all lower-level integration committees report to the Group Integration Steering Committee. The Group Integration Steering Committee meets fortnightly and is chaired by the GCEO.

Corporate Governance

Pursuant to Ministerial Resolution No. 518 of 2009 Concerning Governance Rules and Corporate Discipline Standards, the SCA issued a governance code applicable to all joint stock companies, requiring compliance by April 2010. However, by way of an exemption issued by the Ministry of Economy, and notified to UAE banks and other financial institutions through a circular sent out by the Emirates Banks Association dated 8 March 2010, all UAE banks and other financial institutions subject to the UAE Central Bank control and licensing shall be exempted from the SCA's governance code. Consequently, the Group will be required to adhere to the UAE Central Bank's corporate governance guidelines, as may be issued from time to time. In June 2009, the UAE Central Bank issued revised draft corporate governance guidelines for UAE bank directors. The Group is already broadly in compliance with these requirements. The Group has established the Board Risk and Compliance Committee (see "*Board committees*" above) to assist the Board in shaping and monitoring corporate governance policies and practices as well as to evaluate its compliance with existing policies in fulfilling their duties by shaping, monitoring and evaluating compliance with the Group's corporate governance policies and practices.

OVERVIEW OF THE UNITED ARAB EMIRATES AND ABU DHABI

The UAE

The UAE is a federation of seven Emirates. Formerly known as the Trucial States, they were a British protectorate until they achieved independence in December 1971 and merged to form the United Arab Emirates. Each Emirate has a local government headed by the Ruler of the Emirate. There is a federal government which is headed by the President. The federal budget is principally funded by Abu Dhabi.

The federation is governed by the Supreme Council of the Rulers which consists of the Rulers of the seven Emirates. The Supreme Council elects from its own membership the President and the Vice President (for renewable five-year terms). H.H. Sheikh Zayed bin Sultan Al Nahyan, the late Ruler of Abu Dhabi, held the position of President from 1971 until his death in November 2004. During his long presidency, H.H. Sheikh Zayed bin Sultan Al Nahyan oversaw massive investment in the infrastructure of the UAE, which transformed the country. Following his death, his son H.H. Sheikh Khalifa bin Zayed Al Nahyan took over as Ruler of Abu Dhabi and has been elected as President of the UAE.

According to OPEC data, at 31 December 2016, the UAE had approximately 6.6 per cent. of the world's proven crude oil reserves (giving it the sixth largest oil reserves in the world). According to preliminary data produced by the FCSA and the UAE Central Bank, crude oil and natural gas accounted for 21.3 per cent. of the UAE's GDP and 16.9 per cent. of the total value of the UAE's exports (including re-exports) in 2016.

Based on IMF data (extracted from the World Economic Outlook (October 2017)), real GDP growth in the UAE increased by 4.7 per cent. in 2013, 3.1 per cent. in 2014, 3.8 per cent. in 2015 and 3.0 per cent. in 2016.

On 25 May 2017, Moody's Singapore affirmed the UAE's long-term credit rating of Aa2 (with the outlook revised upwards from 'negative' to 'stable'). The principal reason cited for this high investment grade rating is the assumption that the obligations of the UAE Federal Government will be fully supported by Abu Dhabi. The UAE is not rated by any other rating agency.

The MSCI Emerging Markets Index classifies the UAE as an "emerging market" economy (compared to the previous classification of "frontier market") with nine UAE companies (including the Dubai Financial Market and the ADX) included on the benchmark index.

Abu Dhabi

Abu Dhabi is the richest of the seven Emirates based on nominal gross domestic product ("**GDP**") (source: FCSA) and is also the largest based on population (source: FCSA and the Abu Dhabi Statistics Centre (the "**Statistics Centre**")). The city of Abu Dhabi is also the capital of the UAE.

According to Abu Dhabi National Oil Company ("**ADNOC**"), Abu Dhabi has approximately 94.0 per cent. of the UAE's total oil reserves and, according to the Statistics Centre, produced 3.0 million barrels of oil per day in the year ended 31 December 2016.

In Abu Dhabi, the non-associated Khuff natural gas reservoirs beneath the Umm Shaif and Abu al-Bukhush oil fields rank among the world's largest. According to OPEC data, at 31 December 2016, the UAE had approximately 6,091 billion standard cubic metres of natural gas reserves, representing approximately 3.0 per cent. of the world's natural gas reserves of 200,539 billion standard cubic metres.

The table below shows Abu Dhabi's crude oil production, exports and average selling prices for each of the years indicated.

	2016	2015	2014	2013	2012
Crude oil production (million b/d)	3.0	2.9	2.7	2.7	2.6
Crude oil exports (million b/d).....	2.4	2.4	2.2	2.5	2.4
Crude oil exports (U.S.\$ billions)	37.8	44.9	103.7	100.5	97.9
Average selling price (U.S.\$ per barrel).....	42.7	50.4	103.5	109.2	112.1

Source: Statistics Centre.

The population of the UAE, based on a census carried out in 2005 and according to the FCSA, was approximately 4.1 million, of whom approximately 1.4 million resided in Abu Dhabi. In mid-2010, the FCSA estimated the population of the UAE to be approximately 8.2 million in 2009 and 8.3 million in 2010. In the results of the 2015 census, the population of the UAE was 9.1 million.

The populations of both the UAE and Abu Dhabi have grown significantly since 1975, reflecting an influx of foreign labour, principally from Asia, as the Emirates have developed.

The table below illustrates this growth using official census data since 1975.

	<u>2015</u>	<u>2005</u>	<u>2001</u>	<u>1995</u>	<u>1985</u>	<u>1980</u>	<u>1975</u>
Abu Dhabi population.....	N/A	1,399,484	1,170,254	942,463	566,036	451,848	211,812
Total UAE population.....	9,160,000	4,106,427	N/A	2,411,041	1,379,303	1,042,099	557,887

Sources: Official census data published by the FCSA, except 2001 figure for Abu Dhabi which is sourced from data published by the Statistics Centre.

Since 2005, Abu Dhabi's population has grown by 107.8 per cent. to 2,908,173 in 2016, according to mid-year estimates from the Statistics Centre.

In 2016, and based on the Statistics Centre's mid-year estimates, Abu Dhabi had a predominantly young population with 0.9 per cent. being 65 years and over and 16.6 per cent. being under the age of 15. According to the same data, between 2010 and 2016, Abu Dhabi's average annual population growth rate was 5.6 per cent. The population mix in 2016 is estimated by the Statistics Centre to have comprised 19.0 per cent. UAE nationals and 81.0 per cent. non-nationals.

According to the Statistics Centre, Abu Dhabi's nominal GDP per capita was approximately U.S.\$90,527 in 2014, which makes it one of the highest in the Gulf region. The oil and gas industry dominates Abu Dhabi's economy and, according to preliminary estimates released by the Statistics Centre, was the largest single sector, contributing 27.5 per cent. of nominal GDP in 2016. Oil prices declined significantly in the second half of 2008 and this fact was the principal reason for the decline in Abu Dhabi's nominal GDP in 2009. Increases in oil and gas production rates combined with increases in oil prices contributed significantly to the growth in Abu Dhabi's GDP from 2004 to 2008 and again from 2010 to 2014. However, since July 2014, when the monthly average OPEC Reference Basket price per barrel was U.S.\$107.89, crude oil prices have fallen sharply, by approximately 75 per cent. to a monthly average price of U.S.\$26.50 in January 2016. As at 30 November 2017, the average price of the OPEC Reference Basket for the year to that date had recovered to U.S.\$61.06 per barrel. This sharp decline in international prices for hydrocarbon products between mid-2014 and the end of 2015 was primarily responsible for the correction in the speed of growth of Abu Dhabi's nominal GDP, which grew by 7.4 per cent. in 2012 and by 4.8 per cent. in 2013, slowing to a growth rate of 2.2 per cent. during 2014. As at the date of this Base Prospectus, only preliminary estimates (published by the Statistics Centre) are available for Abu Dhabi's 2016 nominal GDP. While reflecting a slight recovery in nominal GDP growth during 2016 (at 2.8 per cent.), economic growth levels remain low when compared with the period prior to the global reduction in oil prices (when, in 2013, Abu Dhabi experienced nominal GDP growth of 4.8 per cent.), reflecting the prevailing volatility of crude oil prices. Abu Dhabi's growing non-oil sector, which in 2010 accounted for over 50.0 per cent. of Abu Dhabi's GDP, in comparison to 2008, where it accounted for just over 41.4 per cent., contributed to Abu Dhabi's increase in GDP in 2010, despite the continuing economic financial crisis. In 2015 and (according to preliminary estimates published by the Statistics Centre) 2016, the non-oil sector accounted for approximately 64.9 per cent. and 72.5 per cent., respectively, of Abu Dhabi's GDP.

No meaningful real GDP information is currently available for Abu Dhabi as a result of historical uncertainties surrounding the calculation of inflation for the Emirate.

The table below shows Abu Dhabi's nominal GDP, its percentage growth change, the UAE's nominal GDP and the percentage contribution of Abu Dhabi's nominal GDP to the UAE's nominal GDP for each of the years indicated.

	2016*	2015	2014
	(AED billions, except for percentage)		
Abu Dhabi nominal GDP (current price)	728.5	960.1	952.7
Percentage change in Abu Dhabi nominal GDP.....	2.8	3.0	2.2
UAE nominal GDP (current prices)	1,158.7	1,392.6	1,467.0
Abu Dhabi as a percentage of UAE	62.9	68.9	64.9

Sources: Statistics Centre (for Abu Dhabi nominal GDP) and FCSA (for UAE nominal GDP).

*Preliminary estimates

Abu Dhabi's GDP is dominated by the oil and gas sector, which contributed 50.9 per cent. of nominal GDP in 2014 and, reflecting the lower oil price environment from mid-2014 onwards, 35.1 per cent. in 2015 and (according to preliminary estimates published by the Statistics Centre) 27.5 per cent. in 2016. According to the Statistics Centre, outside the oil and gas sector, the principal contributors to nominal GDP in Abu Dhabi in each of 2014, 2015 and (according to preliminary estimates published by the Statistics Centre) 2016 have been: construction; financial and insurance sector; public administration and defence and compulsory social security; manufacturing; real estate; wholesale, retail trade and repair of motor vehicles and motorcycles; and transportation and storage, which together accounted for 41.4 per cent. of nominal GDP in 2014, 48.7 per cent. in 2015 and (according to preliminary estimates published by the Statistics Centre) 54.1 per cent. in 2016.

The following table shows Abu Dhabi's nominal GDP by economic activity and by percentage contribution, as well as the year-on-year growth rate, for each of the years indicated.

Sector	2016*			2015			2014		
	(AED millions)	(%)	(2016 compared to 2015, % change)	(AED millions)	(%)	(2015 compared to 2014, % change)	(AED millions)	(%)	(2014 compared to 2013, % change)
Agriculture, forestry and fishing	6,020	0.8	5.6	5,699	0.7	(5.4)	6,023	0.6	4.1
Mining and quarrying (includes crude oil and natural gas)	200,672	27.5	(26.5)	273,078	35.0	(44.1)	489,067	50.9	(4.3)
Manufacturing	50,587	6.9	0.5	50,324	6.5	(8.2)	54,707	5.7	12.6
Electricity, gas and water supply; waste management	32,671	4.5	9.5	29,831	3.8	21.2	24,613	2.6	10.2
Construction	91,722	12.6	3.3	88,782	11.4	(4.1)	92,596	9.6	8.1
Wholesale and retail trade; repair of motor vehicles and motorcycles	42,917	5.9	4.6	41,038	5.3	0.1	41,006	4.3	15.1
Transportation and storage.....	39,951	5.5	7.8	37,065	4.8	(4.2)	38,709	4.0	11.0
Accommodation and food services	9,572	1.3	3.5	9,244	1.2	(5.9)	9,823	1.0	10.2
Information and communication	22,211	3.0	4.3	21,293	2.7	(0.8)	21,455	2.2	11.6
Financial and insurance	71,397	9.9	4.1	68,555	8.8	2.4	66,939	7.0	19.7
Real estate	44,512	6.1	8.1	41,177	5.3	(16.2)	49,138	5.1	22.3
Professional, scientific and technical.....	19,828	2.7	4.3	19,016	2.4	(4.6)	19,924	2.1	5.7
Administrative and support services.....	11,391	1.6	5.4	10,811	1.4	(2.0)	11,037	1.1	10.3
Public administration and defence; compulsory social security.....	52,972	7.3	1.1	52,383	6.7	1.5	51,620	5.4	7.5
Education	12,263	1.7	4.6	11,719	1.5	(7.3)	12,644	1.3	12.5
Human health and social work.....	12,378	1.7	6.7	11,604	1.5	(2.2)	11,864	1.2	10.2
Arts, recreation and other services	2,537	0.3	6.6	2,381	0.3	(5.2)	2,512	0.3	4.0
Activities of households as employers	4,918	0.7	9.2	4,502	0.6	11.1	4,052	0.4	4.1
Total GDP	728,518	100.0	—	778,501	100.0	—	960,146	100.0	—

Source: Statistics Centre.

*Preliminary estimates

The Government's long-term ratings were affirmed at Aa2 (with the outlook revised upwards from 'negative' to 'stable') and its short-term ratings at Prime-1 (also with a 'stable' outlook) by Moody's on 25 May 2017. The key driver of this upward revision in the outlook and the high investment grade ratings is Abu Dhabi's effective and broad policy response to the lower oil price environment through an acceleration in the reform agenda, coupled with its large fiscal buffers in the form of diversified offshore investments, which is expected to continue to support economic and fiscal resilience. On the other hand, Moody's also noted the lack of clarity around the formulation and implementation of government policies to arrest and reverse the large deficits and the deterioration in the net asset position created by lower oil prices. Moody's expects that the absence of such clarity will erode the fiscal buffers over time, exerting downward pressure on the rating.

The Government's long-term sovereign credit ratings were affirmed at AA long-term (with a stable outlook) and A-1+ short-term (with a stable outlook) by S&P on 21 July 2017. S&P commented that the ratings are anchored by the Emirate's strong fiscal and external positions. S&P further commented that, in addition to providing fiscal policy flexibility, the exceptional strength of the Government's net asset position provides a buffer against the effect of oil price volatility on economic growth and Government

revenues, as well as on the external account. On the other hand, S&P highlighted the fact that Abu Dhabi has less-developed political institutions compared to non-regional peers in the same rating category. Additionally, limited monetary policy flexibility (given the UAE dirham's peg to the U.S. dollar), gaps and delays in the provision of economic and fiscal data and the underdeveloped local currency domestic bond market also weigh on S&P ratings. Further, and on the basis of S&P assumptions that the oil price will remain low for the foreseeable future, S&P anticipates that the Government's fiscal balance will turn to a deficit in the period from 2016 to 2019. However, S&P also expects that the Government will maintain its very strong net fiscal asset position during this period.

The Government's long-term foreign and local currency issuer default ratings were affirmed at AA (with a stable outlook) and short-term foreign currency issuer default ratings at F1+ (with a stable outlook) by Fitch on 23 January 2017. Fitch commented that the Emirate's key credit strengths are its exceptionally strong fiscal and external metrics and high GDP per capita, balanced by high dependence on hydrocarbons, a relatively weak policy framework and weak data availability compared with peers.

Government

Executive authority in Abu Dhabi is derived from the Ruler, H.H. Sheikh Khalifa bin Zayed Al Nahyan and the Crown Prince, H.H. Sheikh Mohamed bin Zayed Al Nahyan.

Departments, authorities and councils are established by Emiri Decree.

The Supreme Petroleum Council was established by Law No. (1) of 1988, and the Chairman of the Supreme Petroleum Council is H.H. Sheikh Khalifa bin Zayed Al Nahyan, Ruler of Abu Dhabi and President of the UAE. In accordance with Law No. (1) of 1988, the Supreme Petroleum Council is the highest authority responsible for petroleum affairs in Abu Dhabi and formulates and oversees Abu Dhabi's policies and objectives in all sectors of the petroleum industry. The Supreme Petroleum Council has 16 board members appointed by an Emiri Decree issued in March 2016.

The Executive Council is the principal executive authority below the Ruler and the Crown Prince and currently comprises 18 members, appointed by an Emiri Decree issued in September 2017.

Departments manage administration within the Emirate and manage specific portfolios, including, for example, the Department of Economy and Planning, the Department of Finance, the Department of Municipal Affairs, the Department of Transport and the Judicial Department. Authorities manage the Emirate's resources and strategies and include the Abu Dhabi Accountability Authority, the Abu Dhabi Food Control Authority, the Abu Dhabi Tourism and Culture Authority, the Abu Dhabi Water and Electricity Authority, the Executive Affairs Authority and the Health Authority. Councils act as controlling bodies for certain Government initiatives, projects and industry sectors by setting and monitoring policies, regulations and standards, and include the Civil Service Council, the Council for Economic Development, the Education Council, the Supreme Petroleum Council and the Urban Planning Council.

The Government owns or has material shareholdings in a number of significant companies and institutions, including ADNOC, Abu Dhabi Investment Authority ("**ADIA**"), ADIC, Etihad Airways P.J.S.C. ("**Etihad**"), General Holding Corporation ("**Senaat**"), Mubadala, International Petroleum Investment Company ("**IPIC**"), Tourism Development and Investment Company ("**TDIC**") and Mubadala Investment Company. Each of these companies and institutions are wholly-owned by the Government and one or more board members of each of these companies and institutions are represented on the Executive Council.

ADNOC: ADNOC was established in 1971 to operate in all areas of Abu Dhabi's oil and gas industry. Since 1971, ADNOC has steadily broadened its activities establishing various companies and subsidiaries to create an integrated oil and gas industry in Abu Dhabi. ADNOC manages and oversees oil production of 2.9 million barrels a day which would rank it among the top ten oil producers in the world.

ADIA: ADIA was established in 1976. The Government provides funds to ADIA on a periodic basis that are surplus to its budgetary requirements and other funding requirements. ADIA carries out its investment strategy independent of and without reference to the Government or other entities that also invest funds on the Government's behalf. In addition, at certain times, in practice only during periods of extreme and/or prolonged weakness in commodity prices, ADIA is required to make available to the Government

its financial resources to secure and maintain the future welfare of Abu Dhabi. ADIA currently has ten board members.

IPIC: IPIC was established in 1984. IPIC has a mandate to invest in energy and energy-related assets globally. IPIC has seven board members, including H.H. Sheikh Mansour bin Zayed Al Nahyan, the Chairman of the board of directors.

ADIC: ADIC started its operations in 2007. ADIC is another investment arm of the Government and is also responsible for investing the Government's financial resources. ADIC is empowered by the Government with a direct investment mandate to broaden Abu Dhabi's economic base and facilitate the international development of Abu Dhabi companies. ADIC currently has seven board members.

Etihad: Etihad was established in 2003 and is the national airline of the UAE. Etihad's principal business is the commercial transportation by air of both passengers and cargo on a point to point scheduled and charter basis. Etihad also focuses its business around distribution in partnership with Abu Dhabi entities and the development of its Abu Dhabi hub operations at Abu Dhabi International Airport. Etihad is a key facilitator of the Government's tourism strategy.

Senaat: Senaat was established in 1973. Senaat is an industrial holding company, mandated by the Government to create, optimise, promote and champion capital-intensive assets, with holdings in companies operating in metals, oil and gas services, construction and building materials and in the food and beverage manufacturing sectors.

Mubadala: Mubadala was established in 2002. Mubadala is a business development and investment company mandated by the Government to act as a primary catalyst in the implementation of Abu Dhabi's development strategy in a commercial and profitable manner. Mubadala currently has seven board members.

TDIC: TDIC was established in 2005. TDIC is a wholly-owned subsidiary of the Abu Dhabi Tourism and Culture Authority. TDIC is mandated to implement the strategy of the Abu Dhabi Tourism and Culture Authority through tourism development and is charged with fulfilling Abu Dhabi's ambition to become a leading global tourist destination.

Mubadala Investment Company: On 21 January 2017, the President of the UAE, H.H. Sheikh Khalifa bin Zayed Al Nahyan, issued a law creating Mubadala Investment Company, a company wholly owned by the Government. Mubadala Investment Company will hold the entire issued share capital of each of Mubadala and IPIC.

Abu Dhabi's Economic Strategy

The Government's development strategy is articulated in the Abu Dhabi Policy Agenda 2007-2008 (the "**Policy Agenda**") and the Abu Dhabi Economic Vision 2030, issued by the Government in January 2009 (the "**2030 Economic Vision**"). Drawing on the Policy Agenda, the 2030 Economic Vision sets forth a roadmap for developing the Government's strategy for economic development over the period to 2030.

The Policy Agenda establishes broad, long-term policy goals to drive economic, social and geopolitical/governance change in Abu Dhabi. Under the Policy Agenda, diversifying the energy sector and the economy through investments by entities such as IPIC and Mubadala is a key step in achieving economic development, including through the strengthening of downstream hydrocarbon capabilities (refining, transportation and distribution), the application of better processes, products and technologies and the expansion of the proportion of value-added exports, such as refined and semi-refined products in the petrochemicals sector, from Abu Dhabi. The Policy Agenda also calls for the pursuit of the geographic diversification of Abu Dhabi's assets through strategic investments in upstream, midstream and downstream hydrocarbon assets outside the UAE by entities such as IPIC and the leveraging of Abu Dhabi's strengths in the hydrocarbon sector to diversify into other industrial sectors, such as the development of Abu Dhabi as a world leader in the petrochemicals industry.

International Relations

The foreign policy of the UAE is based upon a set of guiding principles, laid down by the country's first President, H.H. Sheikh Zayed bin Sultan Al Nahyan.

The UAE participates in a number of multilateral aid-giving institutions, including the International Bank for Reconstruction and Development, the International Development Agency, the IMF and regional bodies like the Arab Bank for Economic Development in Africa, the Arab Gulf Fund for the United Nations, the Abu Dhabi-based Arab Monetary Fund, the Islamic Development Bank and the OPEC Fund for International Development. In addition, the UAE is a member of various other international organisations, including, among others, the Asia-Pacific Economic Co-operation, the GCC, the International Organisation for Industrial Development, the League of Arab States, OPEC, the Organisation of Arab Petroleum Exporting Countries, the Organisation of Islamic Countries, the United Nations, the World Health Organisation and the World Trade Organisation (the "WTO"). The UAE has also entered into a number of bilateral agreements with other countries (such as the UAE's bilateral agreement with the United States for peaceful nuclear co-operation which establishes the legal framework for commerce in civilian nuclear energy between the two countries).

The UAE generally enjoys good relations with the other states in the GCC. However, on 5 June 2017, the Kingdom of Saudi Arabia, the UAE and the Kingdom of Bahrain announced that they would be severing diplomatic relations with the State of Qatar, citing Qatar's alleged support for terrorism and the Qatari violation of a 2014 agreement with the other members of the GCC. The termination of diplomatic relations has included the withdrawal of ambassadors, the imposition of trade and travel bans and the closure of airspace, territorial waters and, in the case of Saudi Arabia only, the closure of its land border with Qatar. Qatari nationals were given 48 hours to leave Saudi Arabia, the UAE and Bahrain, and these countries' nationals were given 14 days to leave Qatar. As at the date of this Base Prospectus, there has been no further material update.

Additionally, the UAE has an ongoing dispute with the Islamic Republic of Iran and continuing discussions with the Kingdom of Saudi Arabia over border issues. Since 1971, the three Gulf islands of Abu Musa and Greater and Lesser Tunb have been occupied by the Islamic Republic of Iran. The UAE believes that the islands should be returned to the Emirate of Sharjah and the Emirate of Ras al Khaimah (with the Emirate of Sharjah claiming sovereignty over Abu Musa and the Emirate of Ras al Khaimah claiming sovereignty over Greater and Lesser Tunb) and is seeking to resolve the dispute through negotiation.

The UAE is also seeking, through negotiation, to resolve issues related to the 1974 provisional and, as yet, unratified agreement with the Kingdom of Saudi Arabia on the border between the two countries, which the UAE believes should be substantially amended. In addition, the UAE is involved in discussions with the governments of the Kingdom of Saudi Arabia and the State of Qatar relating to a maritime corridor which the State of Qatar has purported to grant to the Kingdom of Saudi Arabia, from within the State of Qatar's own maritime waters, which crosses part of the route of the gas pipeline constructed by Dolphin Energy Limited. The UAE believes that this grant is in breach of existing agreements between the UAE and the State of Qatar and, in June 2009, the UAE's Ministry of Foreign Affairs stated this position in a letter to the United Nations Secretary General.

The UAE, along with other Arab states, is currently participating in the Saudi Arabian led military intervention in the Republic of Yemen which began in 2015 in response to requests for assistance from the Yemeni government. The UAE is also a member of another Saudi Arabian led military coalition formed in December 2015 to combat Islamic extremism and, in particular, Islamic State (also known as Daesh, ISIS or ISIL).

THE UNITED ARAB EMIRATES BANKING SECTOR AND REGULATIONS

Summary

According to data published by the UAE Central Bank, as at 30 September 2017 there were a total of 48 banks (22 locally incorporated banks and 26 foreign banks) licensed to operate in the UAE, to serve a national population of approximately 9.3 million people at the end of 2016 (source: Statistical Yearbook 2016 edition, United Nations Department of Economic and Social Affairs, Statistics Division). As a result, the UAE could be, and has historically been, viewed as an over-banked market, even by regional standards and there has traditionally been little impetus for consolidation. However, following the consummation of the Merger on 30 March 2017, it is anticipated that this may act as a catalyst for further consolidation amongst locally incorporated banks.

The UAE's membership of the WTO will likely require greater economic liberalisation, but it is unclear to what extent this will encourage foreign banks to further expand their presence in the market. In the long-term, however, it is likely to lead to increased competition, which should spur consolidation, both within the UAE and across the region generally.

According to the Statistics Centre (Statistical Yearbook of Abu Dhabi 2016), the financial and insurance sectors in Abu Dhabi contributed approximately AED 66.9 billion (or 7.0 per cent.) to Abu Dhabi's nominal GDP in 2015. Within the UAE as a whole, the financial sector was estimated to have contributed approximately 6.9 per cent. of real GDP in 2015 (according to the FCSA).

As a banking regulator, the UAE Central Bank, established in 1980, has grown in stature over the years and is the governing body that regulates and supervises all banks operating in the UAE. The UAE Central Bank monitors banks through its Banking Supervision and Examination Department. It conducts reviews of banks periodically based on the risk profile of each bank. It also reviews all of the returns submitted by the banks to the UAE Central Bank.

Historically, the UAE Central Bank does not act as a "lender of last resort", instead this role tends to fall on the individual Emirs of each Emirate. However, the introduction by the UAE Central Bank in 2014 of the Interim Marginal Lending Facility (the "IMLF") is expected to enable non-Islamic UAE banks to use certain rated or UAE federal government entity issued assets as collateral to access UAE Central Bank liquidity overnight in order to help their liquidity management. See "*Recent trends in Banking – Liquidity*".

Characteristics of the Banking System

Historic lack of Consolidation

The UAE may be, and has historically been, seen as being over-banked with 48 different banks (comprising 22 locally incorporated banks and 26 foreign banks) licensed to operate inside the UAE as at 30 September 2017 (excluding the DIFC) (source: UAE Central Bank), serving a population estimated to be in the region of approximately 9.3 million people at the end of 2016 (source: Statistical Yearbook 2016 edition, United Nations Department of Economic and Social Affairs, Statistics Division). Traditionally there has been little impetus for consolidation, with the federal structure of the UAE encouraging, to some extent, the fragmented nature of the banking sector, with the individual Emirates wishing to retain their own national banks. Rivalries between large local business families and a desire not to dilute shareholdings have also historically hampered the process of consolidation. As a result, since the October 2007 merger of Emirates Bank International P.J.S.C. and National Bank of Dubai P.J.S.C. which created Emirates NBD P.J.S.C., there has been very limited merger activity domestically in the sector. However, commentators have suggested that the Merger, consummated on 30 March 2017, may stimulate further moves towards greater consolidation amongst UAE banks.

While the anticipated attempts at consolidation would reduce the level of concentration in the domestic banking sector, they would also likely lead to a significant alteration of the competitive environment with fewer, larger locally incorporated banks competing for the larger financing transactions in the region with the foreign banks, which have tended to have comparatively larger franchises, with greater infrastructure and resources with which to absorb capital costs, such as IT system development.

Going forward, the advent of WTO liberalisation should allow greater competition from foreign banks, both from new entrants to the market and from existing players expanding their operations, which may eventually result in more mergers, with the possibility of creating banks with pan-Gulf franchises.

Domestic Focus

The UAE incorporated banks are predominantly focused on the domestic market but a number have small operations overseas and are showing growing interest in cross-border business, a trend which is likely to continue in the event of further merger activity in the sector.

With a large number of banks, competing for a limited number of wholesale lending opportunities, most banks historically turned to retail banking, a previously untapped market. However, increasing competition in this area has gradually eroded margins and encouraged a relaxation of lending criteria. As the market has been tested only to a limited extent under adverse conditions, it is difficult to predict the future likelihood of asset quality problems.

Expansion of retail operations has required heavy investment in distribution channels, particularly ATM networks, kiosks and telephone and Internet banking services. As a consequence, IT costs have been a prominent feature of many UAE banks' expenses.

Limited Foreign Ownership

In 1987, the UAE federal government placed a freeze on new foreign banks opening operations in the UAE. At the same time, existing foreign banks were limited to a maximum of eight branches, which restricted their ability to develop any retail potential. However, three banks of GCC state origin, the National Bank of Kuwait, SAMBA and Doha Bank, were awarded licences by the UAE Central Bank following an agreement to permit market access to banks of GCC state origin in line with continuing efforts in regional integration.

During 2002, the Government of Dubai issued a decree establishing the DIFC. The DIFC, located in the Emirate of Dubai, is a free trade zone and financial services centre focusing on private banking, asset management, investment banking, re-insurance activities, Islamic finance, securities trading and back office operations. The DIFC has its own civil and commercial laws and has been granted authority to self-legislate in civil and commercial cases. The opening of the DIFC has enabled international banks to establish a presence and compete in the wholesale banking market and this has seen new entities entering the market place.

In 2013, the Government sought to replicate the success of the DIFC by announcing its intention to establish the Abu Dhabi Global Market in Abu Dhabi (the "**ADGM**"), as an international financial free zone with its own legal framework (closely based on English common law). The ADGM became operational in mid-2015 and, as at the date of this Base Prospectus, it is unclear to what extent this will impact the competitive and regulatory landscape in the domestic banking sector.

Exposure to the Oil Sector

With much of the economy directly or indirectly dependent on the oil sector, UAE banks are potentially vulnerable to business erosion during long periods of low oil prices (see "*Risk Factors – The UAE's economy is highly dependent upon its oil revenue*"). In particular, oil revenues tend to drive levels of liquidity and government infrastructure investment. Gradually, however, private non-oil sectors are gaining ground and the UAE economy is becoming less susceptible to oil price movements. For example, according to the Statistics Centre (Statistical Yearbook of Abu Dhabi 2016), the oil and gas industry contributed 50.9 per cent. to nominal GDP in Abu Dhabi in 2015 as compared with a contribution of 55.0 per cent. in 2014.

Islamic Banking

Shari'a (Islamic) law forbids the charging of interest on any financial transaction. A number of banks have developed in the Islamic world to serve customers who wish to observe this principle. These institutions offer a range of products which, whilst broadly corresponding with conventional banking transactions, are structured in a way which avoids the application of interest. The UAE is home to numerous institutions offering Islamic banking and financial products. Such institutions include: Dubai Islamic Bank P.J.S.C., Abu Dhabi Islamic Bank P.J.S.C., Emirates Islamic Bank P.J.S.C., Noor Bank, Al

Hilal Bank P.J.S.C., Ajman Bank, Sharjah Islamic Bank P.J.S.C., Dubai Islamic Insurance & Reinsurance Company (AMAN), Islamic Arab Insurance Co. (P.S.C.) (Salama), Tamweel and Amlak Finance. The number of Islamic banks continues to increase, with both new entrants to the market and existing conventional banks recasting themselves as Islamic banks. In addition, conventional financial institutions often offer *Shari'a*-compliant products.

Legal Environment

There are three primary sources of law in the UAE: (i) federal laws and decrees; (ii) local laws; and (iii) Shari'a (Islamic) law. In addition, Emiri decrees can be issued by the Rulers of each of the Emirates which, when issued, have full legal effect and operation in such Emirate. The secondary form of law is trade custom or practice. In the absence of federal legislation on areas specifically reserved to federal authority, the Ruler of a given Emirate or local government will apply his or its own rules, regulations and practices.

Supervision of Banks

The main piece of legislation applicable to the banking system is Union Law No. 10 of 1980 (the "**Union Law**") which established the UAE Central Bank. The UAE Central Bank's primary roles are to formulate and implement banking, credit, monetary and fiscal policy and to be responsible for ensuring price and currency stability with free convertibility to foreign currencies. It is also the "bank for banks" within the UAE, although it is not the "lender of last resort". In the event of a bank experiencing financial difficulties or a solvency crisis, rescue funds – such as long-term liquidity or equity support – have historically come from the Emirate in which the institution is based. However, in the event of a run on the currency or a major banking crisis, it is likely that the UAE federal government would ultimately stand as *de facto* defender of the currency and the "lender of last resort".

The Union Law grants the UAE Central Bank powers to:

- exercise currency issue, stabilisation, valuation and free convertibility;
- direct credit policy for balanced growth of the economy;
- organise and promote an effective banking system with private banks and institutions;
- advise the UAE federal government on financial and monetary issues;
- maintain the UAE federal government's reserves of gold and foreign currencies;
- act as a bank for the UAE federal government and other banks operating in the UAE; and
- act as the UAE federal government's financial agent with the International Monetary Fund (the "**IMF**"), the World Bank and other international financial organisations.

Historically, income from overseas investments has been used to fund fiscal deficits, obviating the need for the UAE Central Bank to issue UAE federal government debt. However, the UAE Central Bank does issue certificates of deposit ("**CDs**") to UAE banks, denominated in both U.S. dollars and UAE dirhams, in order to absorb excess liquidity rather than to meet a specific funding need. There is presently no active secondary market in these securities, but they can be redeemed at face value at the UAE Central Bank at any time. In 2007, the UAE Central Bank introduced an auction system which allows U.S. dollar drawings against UAE dirham CD holdings.

The UAE dirham is linked to the IMF's Special Drawing Right. However, the U.S. dollar is the intervention currency and, in practice, the UAE dirham is pegged to the U.S. dollar. This pegged exchange rate has been in place since the 1980s and has proved to be resilient both to political tensions in the region and to fluctuations in oil prices. However, see "*Risk Factors – Risk relating to the UAE and the Middle East – Any alteration to, or abolition of, the foreign exchange "peg" of the UAE dirham or other regional currencies at a fixed exchange rate to the U.S. dollar will expose the Bank to U.S. dollar foreign exchange movements against the UAE dirham or other such currencies*".

The UAE Central Bank is also responsible for regulating financial institutions in relation to money laundering controls and enforcing Federal Law No. 4 of 2002 regarding the Criminalisation of Money

Laundering. It has established an Anti-Money Laundering and Suspicious Cases Unit which acts as the financial intelligence unit and has issued a number of detailed regulatory instructions in pursuit of anti-money laundering policies and procedures. The UAE has also established a National Anti-Money Laundering Committee, which is responsible for coordinating anti-money laundering policy.

The UAE further strengthened its legal authority to combat terrorism and terrorist financing, by passing Federal Law No. 1 of 2004 on Combating Terrorism Offences, which provided for the establishment of a National Anti-Terror Committee (the "NATC"). The NATC serves as a UAE inter-agency liaison.

Although the UAE Central Bank is responsible for regulating all banks, exchange houses, investment companies and other financial institutions in the UAE, the Dubai Financial Services Authority regulates all banking and financial services activities in the DIFC, while the ADGM Financial Services Regulatory Authority regulates activity in the financial services sector in the ADGM. The UAE Central Bank has also been growing in stature as a banking supervisor. However, it is hampered in its role by the level of legal autonomy afforded to the individual Emirates, which at times makes it difficult to enforce directives uniformly across the banking sector.

Lack of Developed Capital Markets

The absence of mature bond or equity markets in the UAE means that banks have often shouldered the burden of long-term financing. This has tended to create a maturity mismatch in their balance sheets, as most of their liabilities are short-term customer deposits. Although the two stock markets, the Dubai Financial Market and the Abu Dhabi Securities Exchange (the "ADX") (both of which were established in 2000), have grown over recent years and have benefitted from the inclusion of the UAE in the MSCI Emerging Markets Index since 2014, they continue to experience bouts of volatility.

Nasdaq Dubai (formerly known as the Dubai International Financial Exchange) is a securities exchange located in the DIFC which commenced operations on 26 September 2005. In December 2009 the Dubai Financial Market announced its intention to acquire Nasdaq Dubai, with completion of the acquisition having occurred in July 2010. The Dubai Financial Market and the ADX were upgraded to the MSCI Emerging Markets Index with effect from 1 June 2014 which could lead to an increase in interest and investment from international institutional investors in the UAE.

Government Involvement

There is a high degree of state involvement in the UAE banking sector. Most of the larger banks have some degree of government ownership. Privatisation, though advocated in principle, has been slow to manifest in practice. The state and its related entities are together the banking sector's largest customers, in terms of both deposits and project financing.

Expatriate Workforce

An unusual feature of the UAE economy is its reliance on overseas labour, with expatriates making up approximately 81 per cent. of the workforce according to estimates published by the Statistics Centre in mid-2016. The banking sector is no exception to this and expatriates are employed in the senior management of most of the major banks. This has brought expertise from more developed markets to the sector. However, the high level of expatriates in the UAE has been an increasing concern for the UAE federal government and as part of a policy of "Emiratisation", banks were instructed, in 1999, to increase the percentage of UAE nationals on their payroll by at least 4 per cent. per annum. This policy has now been supplemented by, and operates in tandem with, the Emiratisation Circular which has introduced a scoring system which takes into account the employment and progression of Emirati employees in the organisation. The minimum threshold for Emirati employees for each institution is dependent on a number of factors. The Emiratisation Circular does not set any upper limit at which the policy would no longer be applicable. If UAE banks are not able to achieve their targets for recruiting and progressing UAE nationals through their organisation, they will be subject to penalties to be computed in accordance with a specific formula set out in the Emiratisation Circular.

Accounting Standards

Since 1 January 1999, all UAE banks have been required to prepare their financial statements in accordance with IFRS (formerly International Accounting Standards (IAS)). Although this has led to a

substantial improvement in disclosure standards, there remains some variability in the quality and depth of disclosure across the banking sector.

Structure of the Banking System

Banking institutions in the UAE fall into a number of categories, as defined by the Union Law. Domestic commercial banks, also known as "National" banks, of which there were 22 as at 30 September 2017 (source: UAE Central Bank), are required to be public shareholding companies with a minimum share capital of AED 40.0 million and must be majority owned by UAE nationals. Licensed foreign banks, of which there were 26 as at 30 September 2017 (source: UAE Central Bank), need to demonstrate that at least AED 40.0 million has been allocated as capital funds for their operations in the UAE. The Union Law also licenses "financial institutions" (institutions whose principal functions are to extend credit, carry out financial transactions, invest in moveable property and other activities, but which are not permitted to accept funds by way of deposits) and financial and monetary intermediaries (money and stockbrokers).

Recent trends in Banking

Profitability

The performance of the UAE economy is influenced by oil prices, which directly affect fiscal revenues and hence determine the level of investment in government projects in the country. The high oil prices and strong economic conditions experienced in the UAE between 2004 and 2008 allowed UAE banks to expand significantly.

However, much of this growth focused on the real estate sector and equity financing which, in the context of the 2008 global financial crisis, represented a significant risk to the UAE banking system. Equity prices declined generally in the UAE from 2008 to 2011 in response to the global 2008 financial crisis but rebounded between 2012 and 2016, with the ADX's General Index declining from 2,719.9 at 31 December 2010 to 2,402.3 at 31 December 2011 before increasing to 2,630.9 at 31 December 2012, 4,290.3 at 31 December 2013 and 4,528.9 at 31 December 2014, before declining again to 4,546.4 at 31 December 2016, and the Dubai Financial Market index declining from 1,630.5 at 31 December 2010 to 1,353.4 at 31 December 2011 before increasing to 1,662.5 at 31 December 2012, 3,371.4 at 31 December 2013 and 3,774.0 at 31 December 2014, before declining again to 3,636.2 at 31 December 2016 (source: Bloomberg).

During 2008 to 2010, a number of banks were also affected by the impact of mark to market accounting rules on their international investment portfolios. Additionally, during the same period, the UAE economy was negatively impacted by the global economic downturn and, in particular, by the sharp correction in the price of oil, which affected a number of key economic sectors including trade, tourism, real estate and commerce. This economic slowdown, along with reduced levels of liquidity in the market, constrained lending and resulted in the majority of UAE banks being less profitable in this period than in previous years.

Liquidity

The UAE Central Bank closely monitors the level of liquidity in the banking system. It also requires that banks have in place adequate systems and controls to manage their liquidity positions, as well as contingency funding plans to cope with periods of liquidity stress.

Banks must also adhere to a maximum loan to deposit ratio of 100 per cent. set by the UAE Central Bank. In this context, loans comprise loans and advances to customers and interbank assets maturing after three months.

UAE banks are mostly funded through on demand or time based customer deposits made by private individuals or private sector companies. According to data made available by the UAE Central Bank, together, these deposits constituted approximately 75.3 per cent. of total deposits of the UAE banking sector as at 30 September 2017. The UAE federal government and the public sector constituted approximately 24.1 per cent. of total deposits within the UAE banking sector as at 30 September 2017. Non-resident and other sources contributed approximately 11.8 per cent. as at the same date (source: UAE Central Bank Statistical Bulletin September 2017).

In response to the global 2008 financial crisis, the UAE Central Bank announced a number of measures aimed at ensuring that adequate liquidity is available to banks operating in the UAE. In September 2008, the UAE Central Bank established an AED 50.0 billion liquidity facility which banks can draw upon subject to posting eligible debt securities as collateral. The liquidity facility is available only for the purpose of funding existing commitments. New lending is required to be based on growth in the customer deposit base. The UAE Central Bank also established a CD repo facility under which banks can use CDs as collateral for dirham or U.S. dollar funding from the UAE Central Bank.

In addition to these measures, the UAE federal government also provided AED 50.0 billion in deposits to UAE banks (as part of a larger AED 70.0 billion package) which, at the option of the banks, can be converted into Tier II capital in order to enhance capital adequacy ratios. A number of banks in the UAE exercised this option and converted the UAE federal government deposits made with them into Tier II capital.

During 2008, Government-owned institutions assisted certain Abu Dhabi banks in strengthening their capital base through the subscription of mandatory convertible securities and, in February 2009, the Abu Dhabi Government (acting through the Department of Finance) subscribed for, in aggregate, a sum of AED 16.0 billion in subordinated Tier I capital notes issued by the five largest Abu Dhabi banks: NBAD, Abu Dhabi Commercial Bank P.J.S.C., FGB, Union National Bank P.J.S.C. and Abu Dhabi Islamic Bank P.J.S.C.

In 2009, the Department of Finance of the Government of Dubai established a U.S.\$20.0 billion funding programme and the first tranche, valued at U.S.\$10.0 billion with a five year tenure and paying a coupon rate of four per cent. per annum, was issued in its entirety to the UAE Central Bank. In November 2009, a second U.S.\$5.0 billion tranche was fully subscribed equally by NBAD and Al Hilal Bank P.J.S.C.

In line with Basel III requirements, the UAE Central Bank has issued the Liquidity Notice which entered into force in the UAE on 1 July 2015 and which includes a set of qualitative and quantitative liquidity requirements for UAE banks. The qualitative requirements set out in the Liquidity Notice elaborate on the responsibilities of a UAE bank's board of directors and senior management as well as the overall liquidity risk framework. The new regulations are intended to ensure that liquidity risks are well managed at banks operating in the UAE and are in line with the Basel Committee's recommendations and international best practices. These requirements include the following:

Responsibilities of the board of directors:

- to bear ultimate responsibility for liquidity risk management within the relevant UAE bank;
- to be familiar with liquidity risk management with at least one board member having a detailed understanding of liquidity risk management; and
- to ensure the clear articulation of liquidity risk tolerance in line with the relevant UAE bank's objectives, strategy and risk appetite.

Responsibilities of senior management:

- to develop strategies, policies and practices to manage liquidity risk in accordance with the liquidity risk tolerance set by the board of directors;
- to review the UAE bank's strategy and to report to the board of directors on regulatory compliance on a regular basis; and
- to manage liquidity risk in a prudent manner using all available liquidity risk management tools.

Liquidity risk framework:

The Liquidity Notice requires each UAE bank to have a robust liquidity risk framework which comprises the following elements:

- sound processes and systems to identify, measure, monitor and control liquidity risk in a timely and accurate manner;

- a robust liquidity risk management framework (which must be shared with the UAE Central Bank upon request) with limits, warning indicators, communication and escalation procedures;
- regular internal stress testing of the portfolio for a variety of scenarios (both institution specific and market-wide); results being communicated to the board of directors and the UAE Central Bank on request;
- incorporation of liquidity costs, benefits and risks into product pricing and approval processes;
- establishment of a forward-looking funding strategy with effective diversification of funding sources and tenors;
- setting of formal contingency funding plans which clearly set out strategies for addressing liquidity shortfalls in emergency situations (and which must be shared with the UAE Central Bank upon request);
- establishment of an adequate cushion of unencumbered, highly liquid assets as insurance against a range of liquidity stress scenarios; and
- a transfer pricing framework (which is commensurate with the bank's liquidity risk tolerance and complexity) developed to reflect the actual cost of funding.

The quantitative requirements set out in the Liquidity Notice are intended to ensure that each UAE bank holds a minimum level of liquid assets which allow it to sustain a short-term liquidity stress (in circumstances both specific to that bank and market wide). In particular, the requirements include two interim ratios which are intended to apply until the Basel III LCR and NSFR come into effect. These include the following:

	Ratio	Applicability Period
Interim ratios:	Liquid Asset Ratio (LAR > =10%)	1 January 2013 – 30 June 2015
	Eligible Liquid Assets Ratio (ELAR > = 10%)	1 July 2015 – December 2017
	Advances to Stable Resources Ratio (ASRR < 100%)	Until December 2017
Basel III ratios:	Liquidity Coverage Ratio (LCR > 100%)	January 2018 onwards
	Net Stable Funding Ratio (NSFR < 100%)	January 2018 onwards

The UAE Central Bank's former liquid assets ratio ("**LAR**") was an interim ratio designed to apply until the LCR comes into effect (as described below). Following the entering into force of the Liquidity Notice on 1 July 2015, the LAR was replaced with the ELAR. Under the ELAR, UAE banks are required to hold an amount equivalent to at least 10 per cent. of their liabilities in high quality liquid assets (including cash held with the UAE Central Bank, the UAE Central Bank CDs and certain UAE local government and public sector entity publicly traded instruments).

The Liquidity Notice also included the option for UAE banks to apply to the UAE Central Bank to move to assessment and reporting of bank liquidity to the UAE Central Bank as against the LCR, in addition to the ELAR, with effect from 1 January 2016. Any UAE banks taking up this option were required to comply only with the ELAR until 1 January 2016, after which date they are required to move to a dual-compliance regime as to liquidity as against the ELAR and the LCR (subject to receipt of UAE Central Bank approval). The Bank has chosen to take up this option and accordingly manages its liquidity position through compliance with the LCR (in addition to its ongoing obligation to report its ELAR, NSFR and ASRR ratios to the UAE Central Bank).

The LCR represents a 30 days stress scenario with combined assumptions covering both bank specific and market wide stresses. These assumptions are applied to contractual data representing the main liquidity risk drivers at banks to determine cash outflows within the 30 days stress scenario. The LCR requires that UAE banks should always be able to cover the net cash outflow with HQLAs at the minimum LCR determined by the UAE Central Bank. The Basel III accord requires that this minimum is 100 per cent. The Liquidity Notice describes in detail eligible HQLAs for this purpose. See "*Risk Factors – The Bank's cash flow from its operations may not be sufficient at all times to meet its contractual payment obligations*".

The ASRR is an interim ratio that recognises both the actual uses as well as the likely uses of funds in terms of the contractual maturity and behavioural profile of the sources of funds available to the bank, in order to ensure that there are limited maturity mismatches and cliff effects.

NSFR is a structural ratio that aims to ensure that banks have adequate stable funding to fund the assets on their balance sheets. It also requires an amount of stable funding to cover a portion of the relevant UAE banks' contingent liabilities. The NSFR mirrors the Basel III NSFR standard. The NSFR identifies the key uses of funds and the different types of funding sources used by the UAE banks. It assigns available stable funding ("**ASF**") factors to the sources of funds and required stable funding ("**RSF**") (usage) factors to asset classes and off balance sheet contingent exposures. The assigned ASF factor depends on the terms of funding and the perceived stability of the funding sources. The assigned ASF factor will depend on the liquidity of the asset being funded under a market-wide stress. Both factors will follow the Basel III NSFR standard.

Interim Marginal Lending Facility

On 15 April 2014, the UAE Central Bank introduced the IMLF which is expected to enable non-Islamic UAE banks to use certain rated or UAE federal government entity-issued assets to access UAE Central Bank liquidity overnight in order to help their liquidity management during times of market stress.

The IMLF will let lenders use certain assets as collateral to obtain one-day overnight loans from the UAE Central Bank. Eligible assets that can be used as collateral must be tradeable and include bonds, sukuk and securities issued by the UAE federal government or government-related entities in individual Emirates, as well as by UAE banks and corporations. Securities issued by foreign governments, banks, corporates and supranational agencies can also be used as collateral, but must carry a minimum 'A' credit rating from one of the three main international rating agencies. Banks accessing the IMLF must borrow a minimum of AED 10 million and will be charged 100 basis points over the official UAE "Repo Rate".

Position of Depositors

There is no formal deposit protection scheme in the UAE. While no bank has, so far, been permitted to fail, during the 1980s and early 1990s a number were restructured by the relevant government authorities. In October 2008, in response to the global financial crisis, the UAE federal government announced that it intended to guarantee the deposits of all UAE banks and foreign banks with core operations in the UAE. Following therefrom, in May 2009 the UAE's National Federal Council approved a draft law guaranteeing federal deposits. However, until such time as the law is passed, there is no guaranteed government support.

Prudential Regulations

The UAE Central Bank has supervisory responsibility for banking institutions in the UAE. Supervision is carried out through on-site inspections and review of periodic submissions from the banks. The frequency of inspection depends on the perceived risk of the bank, but inspections are carried out in all banks at least once every 18 months. Prudential returns are made monthly, quarterly, semi-annually or annually, depending on the nature of the information they contain. An improved risk management framework has been implemented, aimed at providing the UAE Central Bank with more up to date information on credit, market and operational risks within the banking sector.

Capital Adequacy

All banks are required to follow the principles of the Basel accord in calculating their capital adequacy ratios. Basel II was introduced effective 17 November 2009 by way of UAE Central Bank Circular Number 27/2009. Since 1993, the UAE Central Bank had imposed a 10 per cent. minimum total capital ratio on all UAE banks. In a circular dated 30 August 2009, the UAE Central Bank announced amendments to its capital adequacy requirements, such that UAE banks were required to have a total capital adequacy ratio of at least 11 per cent., with a Tier I ratio of not less than 7 per cent., by 30 September 2009. Furthermore, the UAE Central Bank required banks operating in the UAE to increase their Tier I capital adequacy ratio to at least 8 per cent., with a minimum total capital adequacy ratio of at least 12 per cent., by 30 June 2010. Thereafter, through its circular dated 17 November 2009 introducing Basel II, the UAE Central Bank stated that it was expected that the main banks in the UAE would move to the Foundation Internal Rating Based approach under Basel II in due course. Through this circular, the

UAE Central Bank reiterated that all banks operating in the UAE were required to maintain a minimum capital adequacy ratio of 11 per cent. at all times, increasing to 12 per cent. by 30 June 2010 and also laid out its expectations in relation to Pillar II and Pillar III of the Basel II framework. Profits for the current period, goodwill, other intangibles, unrealised gains on investments and any shortfall in loan loss provisions are deducted from regulatory capital. Pursuant to the February 2017 Regulations, the Bank, as a D-SIB, is required by the UAE Central Bank to maintain a minimum total capital adequacy ratio of 12.5 per cent., effective from 1 February 2017, increasing to a minimum total capital adequacy ratio of 13.5 per cent., effective from 1 January 2018 and a minimum total capital adequacy ratio of 14.5 per cent., effective from 1 January 2019.

Whilst the calculation of capital adequacy ratios in the UAE follows the Bank of International Settlements guidelines, claims on or guaranteed by GCC central governments and central banks are risk-weighted at zero per cent. and claims on GCC government non-commercial public sector entities are risk-weighted at 50 per cent. Under the Union Law, banks are required to transfer 10 per cent. of profit each year into a statutory reserve until this reaches 50 per cent. of capital. Distributions cannot be made from this reserve, except in special legally defined circumstances. All dividends paid by UAE banks have to be authorised in advance by the UAE Central Bank.

The Basel Committee has put forward a number of fundamental reforms to the regulatory capital framework for internationally active banks. On 16 December 2010 and on 13 January 2011, the Basel Committee issued the Basel III reforms, constituting guidance on the eligibility criteria for Tier I and Tier II capital instruments as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. The implementation of the Basel III reforms began on 1 January 2013. However, the requirements are subject to a series of transitional arrangements and will be phased in over a period of time. The Basel Committee's press release dated 13 January 2011 entitled "Minimum requirements to ensure loss absorbency at the point of non-viability" (the "**January 2011 Press Release**") included an additional Basel III requirement (the "**Non-Viability Requirement**") as follows:

"The terms and conditions of all non-common Tier I and Tier II instruments issued by an internationally active bank must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into common equity upon the occurrence of the trigger event unless:

- (i) the governing jurisdiction of the bank has in place laws that:
 - (a) require such Tier I and Tier II instruments to be written off upon such event; or
 - (b) otherwise require such instruments to fully absorb losses before tax payers are exposed to loss;
- (ii) a peer group review confirms that the jurisdiction conforms with clause (i); and
- (iii) it is disclosed by the relevant regulator and by the issuing bank, in issuance documents going forward, that such instruments are subject to loss under clause (i).

The trigger event is the earlier of: (1) a decision that a write-off, without which the firm would become non-viable, is necessary, as determined by the relevant authority; and (2) the decision to make a public sector injection of capital, or equivalent support, without which the firm would have become non-viable, as determined by the relevant authority."

The January 2011 Press Release states that instruments issued after 1 January 2013 must meet the Non-Viability Requirement in order to be recognised as Tier I or Tier II instruments for regulatory capital purposes. The recognition of instruments issued before 1 January 2013 which do not meet these requirements will be phased out from 1 January 2013. As at the date of this Base Prospectus, the UAE Central Bank has (as set out in its Financial Stability Report for 2014) commenced the process of updating its regulatory framework in line with Basel III principles and international best practice. However, as at the date of this Base Prospectus, there has been no official proposal for the implementation of the Non-Viability Requirement in the UAE. In the absence of new UAE legislation or such a confirmation, the terms and conditions of any notes or certificates which are intended to qualify as regulatory capital may still need to provide for the Non-Viability Requirement in order to qualify as regulatory capital under Basel III.

In May 2016, the UAE Central Bank published the Consultation Document detailing the Basel III requirements expected to be followed by banks operating in the UAE, once applicable legislation has been implemented domestically. In particular, the Consultation Document outlines the general quantitative requirements expected to be followed by UAE banks, with regards to Regulatory Capital. It also outlines, amongst other things, the Regulatory Capital ratios that UAE banks will be expected to follow and adhere to, the individual UAE bank minimum capital conservation standards and the required disclosure standards expected to be made available by UAE banks with respect to Regulatory Capital.

On 23 February 2017, the UAE Central Bank published the February 2017 Regulations in the Official Gazette issue 612, which are effective from 1 February 2017. The February 2017 Regulations are intended to ensure that the capital adequacy of all banks operating in the UAE is in line with the Basel III requirements, whilst implementing the measures contained in the Consultation Document. The February 2017 Regulations are supported by the Accompanying Standards which, as at the date of this Base Prospectus, are yet to be issued. The Accompanying Standards will elaborate on the supervisory expectations of the UAE Central Bank with respect to the relevant Basel III capital adequacy requirements. Banks which are classified as D-SIBs by the UAE Central Bank (such as the Bank) will be required to hold additional capital buffers as notified to it by the UAE Central Bank. In addition, a bank may also be subject to additional capital add-on requirements following a Supervisory Review and Evaluation process of the UAE Central Bank. As at the date of this Base Prospectus, the UAE has not fully implemented the Basel III reforms.

Reserve Requirements

Reserve requirements are used by the UAE Central Bank as a means of prudential supervision and to control credit expansion. The reserve requirements are 1 per cent. for term deposits and 14 per cent. for all other customer balances.

Credit Controls

Banks are required by the UAE Central Bank to establish credit policies and procedures commensurate with their size and activities. They must also have a proper credit assessment and approval process and adequate controls in place to monitor credit concentrations to, among others, individual borrowers, economic sectors and foreign countries.

The UAE Central Bank's Retail Circular introduced regulations regarding bank loans and other services offered to individual customers. These regulations, among other things, impose maximum loan/income and loan to value ratios for retail products. For example, the regulations require that the amount of any personal consumer loan shall not exceed 20 times the salary or total income of the borrower with the repayment period not exceeding 48 months. These regulations may be amended in the future in accordance with the Mortgage Regulations (which were published in the Official Gazette on 28 November 2013 and entered into force on 28 December 2013, superseding UAE Central Bank Notice No. 3871/2012 dated 30 December 2012), which specify that the amount of mortgage loans for non-UAE nationals should not exceed 75 per cent. of the property value for a first purchase of a home (with a value of less than or equal to AED 5 million), 65 per cent. of the property value for a first purchase of a home (with a value greater than AED 5 million) and 60 per cent. of the property value (irrespective of the value of the property) for second and subsequent homes. For UAE nationals, the corresponding limits are set at 80 per cent. in respect of a first purchase of a home with a value less than or equal to AED 5 million, 70 per cent. for a first home with a value greater than AED 5 million and 65 per cent. of the property value for a second or subsequent purchase (irrespective of the value of the property).

Large Exposures

The UAE Central Bank defines large exposures as any funded or unfunded exposures (less provisions, cash collaterals and deposits under lien) to a single borrower or group of related borrowers exceeding prescribed limits. The large exposure limits (defined as a percentage of the bank's capital base) were previously as follows:

- to a single borrower or group of borrowers – 7 per cent.;
- to a shareholder of the bank holding more than 5 per cent. of the bank's capital – 7 per cent.;

- overseas interbank exposures – 30 per cent. (UAE interbank exposures are subject to a 25 per cent. limit if their maturity is over one year, otherwise they are exempt from the regulations);
- to the bank's parent company, subsidiaries or affiliates – 20 per cent. (60 per cent. for all such exposures in aggregate); and
- to board members – 5 per cent. (25 per cent. for all such exposures in aggregate).

On 11 November 2013, the UAE Central Bank published the Large Exposure Notice amending certain of the large exposure limits set out above. The Large Exposure Notice was published in the Official Gazette on 30 December 2013 and entered into force on 30 January 2014. The Large Exposure Notice introduced new limits of 100 per cent. of the bank's capital base for all lending to UAE local governments and their non-commercial entities, together with a 25 per cent. limit to any single such non-commercial entity. Exposures above these limits are subject to approval by the UAE Central Bank. Set out below is a table showing a summary of the changes introduced by the Large Exposure Notice (defined as a percentage of the bank's capital base calculated under Basel II):

	<u>Individual</u>	<u>New Limit</u> <u>Aggregate</u>	<u>Old Limit</u> <u>Individual</u>	<u>Aggregate</u>
UAE federal government and their non-commercial entities	Exempt	Exempt	Exempt	Exempt
UAE local government and their non-commercial entities...	No cap for UAE local government; 25% for each non-commercial entity	100%	Exempt	Exempt
Commercial entities of UAE federal government and UAE local government	25%	100%	25%	None
Commercial or other (non-commercial) private sector entities and individuals	25% max	None	7%	None
Shareholders who own 5 per cent. or more of the bank's capital and related entities	20%	50%	7%	None
Exposure to bank's subsidiaries and affiliates	10%	25%	20%	60%
Board members	5%	25%	5%	25%

Provisions for Loan Losses

The UAE Central Bank stipulates that non-performing credits should be classified as either substandard, doubtful or loss depending on the likelihood of recovery, with provisions charged at a minimum of 25 per cent., 50 per cent. and 100 per cent. on the relevant amount (net of any eligible credit protection), respectively. Any retail and consumer loans with either interest or principal in arrears by more than 90 days must be placed on a non-accrual basis and classified as non-performing. In addition, pursuant to Circular 28/2010 concerning regulations for classification of loans and their provisions issued by the UAE Central Bank on 11 November 2010, all banks in the UAE are required to make general provisions for unclassified loans and advances equal to 1.5 per cent. of their risk-weighted assets by 2014. In practice, several banks operate more stringent policies and place loans on a non-accrual basis as soon as their recovery is in doubt.

Banks in the UAE generally do not write off non-performing loans from their books until all legal avenues of recovery have been exhausted. This factor tends to inflate the level of impaired loans and/or financings carried on the balance sheets of UAE banks when compared to banks operating in other economies.

Establishing a Credit Bureau in the UAE

Al Etihad Credit Bureau ("AECB") is a federal government company specialised in providing UAE-based credit reports and other financial information. AECB commenced operations in 2014 upon receiving formal approval from the UAE Cabinet of its regulations and its charges for producing credit reports. AECB has approached all UAE-based banks to sign data sharing agreements to enable the provision of customer credit information, with the majority having entered into such agreements and/or made successful initial data submissions to AECB by the time AECB commenced operations. As at the

date of this Base Prospectus, the Bank has entered into a data and credit information supply agreement with AECB.

The implementation of regulations for the sharing of credit report data and the commercial operation of the UAE's first credit bureau is expected to reduce the risk involved in the origination of customer lending and banking business generally.

TAXATION

UK Taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("HMRC") which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring holding or disposing of Notes. The comments are made on the assumption that the Issuer of the Notes is not resident in the United Kingdom for United Kingdom tax purposes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes.. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Pricing Supplement may affect the tax treatment of that and other series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution.

It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects or payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

Provided that the interest on the Notes does not have a United Kingdom source, interest on the Notes may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax. The location of the source of a payment is a complex matter. It is necessary to have regard to case law and HMRC practice. Case law has established that in determining the source of interest, all relevant factors must be taken into account. HMRC has indicated that the most important factors in determining the source of a payment are those which influence where a creditor would sue for payment, and has stated that the place where the Issuer does business, and the place where its assets are located, are the most important factors in this regard; however HMRC has also indicated that, depending on the circumstances, other relevant factors may include the place where the interest and principal are payable, the method of payment, the governing law of the Notes and the competent jurisdiction for any legal action, the location of any security for the Issuer's obligations under the Notes, and similar factors relating to any guarantee.

Interest which has a United Kingdom source ("**UK interest**") may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of which the UK interest is paid are issued for a term of less than one year (and are not issued under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more).

UK interest on Notes issued for a term of one year or more (or under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more) may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of which the UK interest is paid constitute "quoted Eurobonds". Notes which carry a right to interest will constitute quoted Eurobonds provided they are and continue to be listed on a recognised stock exchange. Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The Irish Stock Exchange is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the Global Exchange Market of the Irish Stock Exchange may be regarded as "listed on a recognised stock exchange" for these purposes.

In all other cases, UK interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20%) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Any payments made by under the Deed of Covenant may not qualify for the exemptions from UK withholding tax described above.

Notes may be issued at an issue price of less than 100 per cent of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above.

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above.

Where interest has been paid under deduction of United Kingdom income tax, Holders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" above means "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the Conditions or any related documentation. Where a payment on a Note does not constitute (or is not treated as) interest for United Kingdom tax purposes, and the payment has a United Kingdom source, it would potentially be subject to United Kingdom withholding tax if, for example, it constitutes (or is treated as) an annual payment or a manufactured payment for United Kingdom tax purposes (which will be determined by, amongst other things, the terms and conditions specified by the Pricing Supplement for the Note). In such a case, the payment may fall to be made under deduction of United Kingdom tax (the rate of withholding depending on the nature of the payment), subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

United Arab Emirates Taxation

The following summary of the anticipated tax treatment in the UAE in relation to payments on the Notes is based on the taxation law in force at the date of this Offering Memorandum, and does not constitute legal or tax advice. Prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change.

There is currently in force in the emirates of Abu Dhabi and Dubai legislation establishing a general corporate taxation regime (the Abu Dhabi Income Tax Decree 1965 (as amended)). The regime is, however, not enforced save in respect of companies active in the hydrocarbon industry, some related service industries and branches of foreign banks operating in the UAE. It is not known whether the legislation will or will not be enforced more generally or within other industry sectors in the future. Under current legislation, there is no requirement for withholding or deduction for or on account of UAE or Abu Dhabi taxation in respect of payments of interest or principal on debt securities (including the Notes). In the event of the imposition of any such withholding, the Issuer has undertaken to gross-up any payments subject as described under Condition 8 (Taxation) of the Conditions.#

The Constitution of the UAE specifically reserves to the UAE Federal Government the right to raise taxes on a federal basis for purposes of funding its budget. It is not known whether this right will be exercised in the future.

The UAE have entered into "Double Taxation Arrangements" with certain other countries, but these are not extensive in number.

THE PROPOSED FINANCIAL TRANSACTIONS TAX

On 14 February 2013, the European Commission published a proposal (the "Commission's Proposal") for a Directive for a common financial transactions tax (the "FTT") in Belgium, Germany, Estonia, Greece,

Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

FATCA imposes a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to any non-U.S. financial institution (a "**foreign financial institution**", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA; and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer is classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2019. This withholding would potentially apply to payments in respect of: (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the "grandfathering date", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on the grandfathering date; and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "Reporting FI" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "FATCA Withholding") from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS.

The United States and the UAE have reached an agreement in substance on the terms of the IGA based largely on the Model 1 IGA. Until the United States and the UAE sign an IGA (the "**US-UAE IGA**"), the UAE will be treated as having a Model 1 IGA in effect **provided that** it remains on the IRS list of jurisdictions that have reached agreement in substance on the terms of an IGA. The U.S. Treasury will review this list on a monthly basis to determine whether each jurisdiction will continue to be treated as having an IGA in effect.

If the Issuer is treated as a Reporting FI pursuant to the US-UAE IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. The Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and Euroclear and/or Clearstream Luxembourg, given that each of the entities in the payment chain beginning with the Issuer and ending with the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

SUBSCRIPTION AND SALE

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 as amended and United States Treasury regulations promulgated thereunder.

Each Dealer appointed under the Programme will be required to agree that, except as otherwise agreed by the Issuer, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Fiscal Agent, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. The Pricing Supplement will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable. Terms used in this paragraph have the same meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

European Economic Area

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area (each, a "**Relevant Member State**"), each Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date but subject always to "Prohibition on Sales to EEA Retail Investors" below, make an offer of Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**"

means Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU), and includes any relevant implementing measure in a Relevant Member State.

Prohibition of Sales to EEA Retail Investors

Each Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Memorandum as completed by the pricing supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision: (a) the expression "retail investor" means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive (as defined above); and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

United Kingdom

Each Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any such Notes in, from or otherwise involving the United Kingdom.

United Arab Emirates (excluding the Dubai International Financial Centre)

Each Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued under the Programme have not been and will not be offered to any person in the Dubai International Financial Centre (the "**DIFC**") unless such offer is: (a) an "**Exempt Offer**" in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the "**DFSA**"); and (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module of the DFSA Rulebook.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Notes. Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires Notes pursuant to any offering should note that the offer of Notes is a private placement under Article 10 or Article 11 of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the "**KSA Regulations**") through a person authorised by the Capital Market Authority ("**CMA**") to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations.

The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "sophisticated investors" under Article 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations. Each Dealer appointed under the Programme will be required to represent and agree, that any offer of the Notes will comply with the KSA Regulations.

Each offer of Notes shall not therefore constitute a "public offer" pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations. Any Saudi Investor who has acquired Notes pursuant to a private placement under Article 10 or Article 11 of the KSA Regulations may not offer or sell those Notes to any person unless the offer or sale is made through an authorised person appropriately licensed by the CMA and: (a) the Notes are offered or sold to a Sophisticated Investor; (b) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyal 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

Kingdom of Bahrain

Each Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell any Notes except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an "**accredited investor**" means:

- (i) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more;
- (ii) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (iii) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Hong Kong

Each Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the "**SFO**") other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions Ordinance (Cap. 32) of Hong Kong (the "**C(WUMPO)**") or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

The PRC (excluding Hong Kong, Macau and Taiwan)

Each Dealer appointed under the Programme will be required to represent and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the PRC (excluding Hong Kong, Macau and Taiwan) as part of the initial distribution of the Notes.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the Act No. 25 of 1948, as amended; the "**FIEA**") and each Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan,

except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Ireland

Each Dealer appointed under the Programme will be required to represent and agree that:

- (i) it will not underwrite the issue of, or place, the Notes otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended, the "**MiFID Regulations**") including, without limitation, Regulations 7 (Authorisation) and 152 (Restrictions on advertising) thereof, any codes of conduct made under the MiFID Regulations, and the provisions of the Investor Compensation Act 1998 (as amended);
- (ii) it will not underwrite the issue of, or place, the Notes otherwise than in conformity with the provisions of the Companies Act 2014 (as amended, the "**Companies Act**"), the Central Bank Acts 1942 – 2015 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended); and
- (iii) it will not underwrite the issue of, place or otherwise act in Ireland in respect of, the Notes otherwise than in conformity with the Market Abuse Regulation (EU 596/2014) (as amended) and any rules and guidance issued by the Central Bank of Ireland under Section 1370 of the Companies Act.

Republic of Korea

The Notes have not been and will not be registered under the Financial Investment Services and Capital Markets Act of the Republic of Korea (the "**FSCMA**"). Accordingly, each Dealer severally but not jointly has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes have not been and will not be offered, sold or delivered, directly or indirectly, in the Republic of Korea or to or for the account or benefit of any Korean resident (as such term is defined in the Foreign Exchange Transaction Law of the Republic of Korea and its Enforcement Decree) except as otherwise permitted under applicable Korean laws and regulations. Furthermore, a holder of the Notes will be prohibited from offering, delivering or selling any Notes, directly or indirectly, in the Republic of Korea or to any Korean resident for a period of one year from the date of issuance of the Notes except (i) in the case where the Notes are issued as bonds other than equity-linked bonds, such as convertible bonds, bonds with warrants and exchangeable bonds, and where the other relevant requirements are further satisfied, the Notes may be offered, sold or delivered to or for the account or benefit of a Korean resident which falls within certain categories of qualified institutional investors as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure, or (ii) as otherwise permitted under applicable Korean laws and regulations. Each Dealer severally but not jointly undertakes, and each further Dealer appointed under the Programme will be required to undertake, to use commercially reasonable best measures as a Dealer in the ordinary course of its business so that any securities dealer to which it sells the Notes confirms that it is purchasing such Notes as principal and agrees with such Dealer that it will comply with the restrictions described above.

Taiwan

The Notes have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan and/or other regulatory authority of Taiwan pursuant to relevant securities laws and regulations of Taiwan and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority of Taiwan. No person or entity in Taiwan has been authorised to offer or sell the Notes in Taiwan.

France

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Offering Memorandum, the relevant Pricing Supplement or any other offering material relating to the Notes, and that such offers, sales and

distributions have been and will be made in France only to qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

Belgium

Belgium has implemented the Prospectus Directive and the section headed "Public Offer Selling Restriction under the Prospectus Directive" above is applicable.

This Offering Memorandum has not been submitted for approval to the Belgian Financial Services and Markets Authority. Accordingly, Notes that have a maturity of less than 12 months and qualify as money market instruments (and that therefore fall outside the scope of the Prospectus Directive) may not be distributed in Belgium by way of a public offering, as defined for the purposes of the law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets (as amended from time to time).

Switzerland

The Notes do not qualify as interests in a collective investment scheme according to the Swiss Federal Act on Collective Investment Schemes of 23 June 2006, as amended ("**CISA**") and its implementing ordinance. Neither this Offering Memorandum nor any other offering or marketing material relating to the offering, nor the Issuer nor the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA ("**FINMA**"), and investors in the Notes will not benefit from protection provided under the CISA or supervision by such authority.

The documentation of the Notes may, in or from Switzerland, only be provided to qualified investors as defined in the CISA and its implementing ordinance ("**Qualified Investors**").

This Offering Memorandum does not constitute a simplified prospectus for structured products pursuant to art. 5 par. 1 lit. b of the CISA and may therefore not include all the information that is foreseen therein.

This Offering Memorandum does not constitute an issuance prospectus pursuant to art. 652a or 1156 of the Swiss Code of Obligations and may not comply with the information standards required thereunder.

The Notes will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland, and consequently, the information presented in this Offering Memorandum does not necessarily comply with the information standards set out in the relevant listing rules.

This Offering Memorandum does not constitute investment advice. It may only be used by those persons to whom it has been conveyed in connection with the Notes and may neither be copied nor directly or indirectly distributed or made available to other persons.

Liechtenstein

Each Dealer appointed under the Programme will be required to represent and agree that it has not made and will not make an offer of Notes to be issued under the Programme to the public in Liechtenstein except that it may make an offer of Notes to the public in Liechtenstein:

- (i) at any time to any legal entity that is a qualified investor as defined in Art. 3 (1)(g) of the Wertpapierprospektgesetz (Securities Prospectus Act) of 23 May 2007 (the "**WPPG**");
- (ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Art. 3 (1)(g) WPPG) under the condition that, if more than one Dealer is appointed under the Programme, the total number of offers of Notes made to natural or legal persons in Liechtenstein is less than 150; and
- (iii) at any time in any other circumstances falling in the scope of Art. 5 (1) WPPG.

An offer to the public in Liechtenstein in relation to the Notes to be issued under the Programme means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Grand-Duchy of Luxembourg

Each of the Dealers appointed under the Programme will be required to represent and agree, that the Notes may not be offered or sold to the public within the territory of the Grand-Duchy of Luxembourg unless:

- (i) a prospectus has been duly approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") pursuant to part II of the Luxembourg law dated 10 July 2005 on prospectuses for securities, as amended (the "**Luxembourg Prospectus Law**"), implementing the Prospectus Directive as amended from time to time, if Luxembourg is the home Member State as defined under the Luxembourg Prospectus Law; or
- (ii) if Luxembourg is not the home Member State, the CSSF has been provided by the competent authority in the home Member State with a certificate of approval attesting that a prospectus in relation to the Notes has been drawn up in accordance with the Prospectus Directive and with a copy of the said prospectus; or
- (iii) the offer of the Notes benefits from an exemption from or constitutes a transaction not subject to, the requirement to publish a prospectus pursuant to the Luxembourg Prospectus Law.

The Notes with a maturity of less than 12 months that may qualify as securities and money market instruments in accordance with article 4 2. j) of the Luxembourg Prospectus Law may not be offered or sold to the public within the territory of the Grand-Duchy of Luxembourg unless:

- (i) a simplified prospectus has been duly approved by the CSSF pursuant to part III of the Luxembourg Prospectus Law; or
- (ii) the offer benefits from an exemption to or constitutes a transaction not subject to, the requirement to publish a simplified prospectus under part III of the Luxembourg Prospectus Law.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore (the "**MAS**"). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (iii) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (iv) where no consideration is or will be given for the transfer;
- (v) where the transfer is by operation of law;
- (vi) as specified in Section 276(7) of the SFA; or
- (vii) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

General

These selling restrictions may be modified by the agreement of the Issuer and any relevant Dealer following a change in a relevant law, regulation or directive. Any such modification will be set out in the relevant subscription agreement or in a supplement to this Offering Memorandum.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Memorandum or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer appointed under the Programme will be required to agree, that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Memorandum, any other offering material or any Pricing Supplement and neither the Issuer nor any other Dealer shall have responsibility therefor.

With regard to each Tranche, a Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes, whatever the denomination of those Notes, issued under the Programme.

NO BASE PROSPECTUS IS REQUIRED TO BE PROVIDED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC, AS AMENDED (WHICH INCLUDES THE AMENDMENTS MADE BY DIRECTIVE 2010/73/EC) AND INCLUDING ANY RELEVANT IMPLEMENTING MEASURE IN A RELEVANT MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (THE "PROSPECTUS DIRECTIVE") FOR THE ISSUE OF NOTES DESCRIBED BELOW AND AS SUCH THE NOTES ISSUED AS DESCRIBED BELOW ARE NOT REQUIRED TO, AND DO NOT COMPLY WITH DIRECTIVE 2003/71/EC AS SO AMENDED. THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THE INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT.

THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA ("EEA"). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU ("MIFID II"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN THE PROSPECTUS DIRECTIVE. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

Pricing Supplement dated [•]

First Abu Dhabi Bank PJSC

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

under the

U.S.\$2,000,000,000

Structured Note Programme

PART A – CONTRACTUAL TERMS

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

This document constitutes the Pricing Supplement for the Notes described herein and must be read in conjunction with the Offering Memorandum dated 9 January 2018 [and the supplement[s] to it dated [date] [and [date]] (the "**Offering Memorandum**"). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Memorandum. Copies of the Offering Memorandum may be obtained from First Abu Dhabi Bank PJSC, FAB Building, Khalifa Business Park – Al Qurm District, P.O. Box 6316, Abu Dhabi, United Arab Emirates.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Memorandum dated 9 January 2018.

1. Issuer: First Abu Dhabi Bank PJSC
2. (i) Series Number: [•]
(ii) Tranche Number: [•]
(iii) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [26] below, which is expected to occur on or about [*date*]]][Not Applicable]
3. Specified Currency or Currencies: [•]
4. Aggregate Nominal Amount: [•]
(i) Series: [•]
(ii) Tranche: [•]
5. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]]
6. Specified Denominations: [•]

[Where Notes and multiple denomination above €100,000 (or equivalent amount in another currency) are being used, the following sample wording should be followed:

[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Definitive Notes will be issued with a denomination above [€199,000].]
7. (i) Issue Date: [•]
(ii) Interest Commencement Date: [•]/[Issue Date]/[Not Applicable]
8. Maturity Date: [•]
9. Interest Basis: [[•] per cent. Fixed Rate]
[[•] month [LIBOR/EURIBOR/EIBOR] +/- [•] per cent. Floating Rate]
[Zero Coupon]
[Equity Linked Interest]
[FX Linked Interest]
(see paragraph [13]/[14]/[15]/[16]/[17] below)
10. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount]
[Credit Linked Redemption]
[Equity Linked Redemption]
[FX Linked Redemption]
[Other (*specify*)]

(see paragraph [23]/[24]/[25] below)

11. Change of Interest Basis: [•][Not Applicable]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(see paragraph [18]/[19]/[20] below)]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (i) Rate(s) of Interest: [•] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [•] [and [•]] in each year up to and including the Maturity Date
- (iii) Fixed Coupon Amount(s): [[•] per [•] in Nominal Amount][Not Applicable]
- (iv) Broken Amount(s): [[•] per [•] in Nominal Amount, payable on the Interest Payment Date falling [in/on] [•]][Not Applicable]
- (v) Day Count Fraction: [30/360] [Actual/Actual (ICMA/ISDA)] [Actual/365 (Fixed)]
- (vi) Determination Date(s): [[•] in each year][Not Applicable]
- (vii) Business Day Convention: [Not Applicable] [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
- (viii) Others terms relating to the method of calculating interest for Fixed Rate Notes: [•][Not Applicable]
14. Floating Rate Note Provisions [Applicable/Not Applicable]
- (i) Interest Period(s): [•]
- (ii) Specified Interest Payment Dates: [•], subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to adjustment, as the Business Day Convention in (iv) below is specified to be Not Applicable]
- (iii) First Interest Payment Date: [•][Issue Date]
- (iv) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
- (v) Business Centre(s): [•][Not Applicable]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]

(vii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Agent):	[•][Not Applicable]
(viii)	Screen Rate Determination:	
	– Reference Rate:	[•] month [LIBOR/EURIBOR/EIBOR]
	– Interest Determination Date(s):	[•]
	– Relevant Screen Page:	[•]
(ix)	ISDA Determination:	
	– Floating Rate Option:	[•]
	– Designated Maturity:	[•]
	– Reset Date:	[•]
(x)	Linear Interpolation:	[Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(xi)	Margin(s):	[[+/-] [•] per cent. per annum][Not Applicable]
(xii)	Minimum Rate of Interest:	[[•] per cent. per annum][Not Applicable]
(xiii)	Maximum Rate of Interest:	[[•] per cent. per annum][Not Applicable]
(xiv)	Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)]
(xv)	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[•][Not Applicable]
15.	Zero Coupon Note Provisions	[Applicable/Not Applicable]
(i)	Amortisation Yield:	[•] per cent. per annum
(ii)	Any other formula/basis of determining amount payable for Zero Coupon Notes:	[•][Not Applicable]

16.	Equity Linked Interest Note Provisions (Annex 2)	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining sub paragraphs of this paragraph)</i>
	(A) [Single Share Notes]/[Share Basket Notes]:	[Applicable/Not Applicable]
		<i>(If not applicable, delete sub paragraph (A))</i>
	(i) Whether the Notes relate to a single share or a basket of shares (each, a " Share ") and the identity of the relevant issuer(s) and class of the Share (each, a " Share Issuer "):	[Single Share Notes]/[Share Basket Notes]
		(a) Share/Shares: [•] (ISIN: [•])
		(b) Share Issuer(s): [•]
		<i>(insert (c) and (d) below for depositary receipts)</i>
		[(c) Underlying Share/Shares: (ISIN: [•])
		(d) Underlying Share Issuer(s): [•]]
	(ii) Partial Lookthrough Depositary Receipt Provisions:	[Applicable/Not Applicable]
	(iii) Full Lookthrough Depositary Receipt Provisions:	[Applicable/Not Applicable]
	(iv) Exchange(s):	[•]
	(v) Related Exchange(s):	[•][None specified]
	(vi) Weighting for each Share comprising the Basket of Shares:	[[•] <i>(insert details)</i> /Not Applicable]
	(vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s):	[Calculation Agent]
	(viii) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculated by reference to one or more Shares:	[•]
	(ix) Provisions for determining the Rate(s) of Interest and/or Interest Amount(s) where calculation by reference to one or more Shares is impossible or impracticable or otherwise disrupted:	[•]
		<i>(Include a description of market disruption or settlement disruption events and adjustment provisions)</i>
	(x) Interest Determination Date(s):	[•]
	(xi) Interest Period:	[As set out in Condition [4(h)]]/[Unadjusted]
		<i>(Insert "Unadjusted" if the application of the relevant Business Day Convention is not intended to affect the Interest Period)</i>
	(xii) Specified Interest Payment Dates:	[•]
	(xiii) Averaging Date(s):	[Applicable/Not Applicable]

(xiv)	Averaging Date Disruption:	[Omission/Postponement/Modified Postponement]
(xv)	Maximum Number of Disrupted Days:	[•]
(xvi)	Valuation Date(s):	[•]
(xvii)	Valuation Time(s):	[•]
(xviii)	Additional Disruption Events:	[Not Applicable] [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [Loss of Stock Borrow] [Increased Cost of Stock Borrow] [Other (<i>Specify</i>)]
(xix)	Share Substitution:	[Applicable/Not Applicable] (<i>Specify substitution criteria</i>)
(xx)	Knock-In Event:	[Applicable/Not Applicable] [Reference Level: [•] Knock-In Level/Range: [•] Knock-In Valuation Time: [•] Knock-In Determination Day(s)/Period(s): [•]]
(xxi)	Knock-out Event:	[Applicable/Not Applicable] [Reference Level: [•] Knock-Out Level/Range: [•] Knock-Out Valuation Time: [•] Knock-Out Determination Day(s)/Period(s): [•]]
(xxiii)	Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment/ other (<i>give details</i>)]
(xxiv)	Additional Business Centre(s):	[•]
(xxv)	Minimum Rate/Amount of Interest:	[[•] per cent. per annum][Not Applicable]
(xxvi)	Maximum Rate/Amount of Interest:	[[•] per cent. per annum][Not Applicable]
(xxvii)	Day Count Fraction:	[•]
(xxviii)	Other special terms and conditions:	[•]
(B)	[Single Index Notes]/[Index Basket Notes]:	[Applicable/Not Applicable] (<i>If not applicable, delete sub paragraph (B)</i>)

- (i) Whether the Notes relate to a single index or a basket of indices (each, an "**Index**") and the identity of the Sponsor of an Index (each, an "**Index Issuer**"): [Single Index Notes]/[Index Basket Notes]
[•], sponsored by [•]
(Bloomberg®code: [•])
(Specify Index/Indices/Index Sponsors)
- (ii) Exchange[s]: [•][Multi-Exchange is applicable]
(Specify Exchange, or Multi-Exchange Index in relation to each Index)
- (iii) Related Exchange[s]: [•][None specified]
- (iv) Weighting for each Index comprising the Basket of Indices: [[•] *(insert details)*]/Not Applicable]
- (v) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): [Calculation Agent]
- (vi) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculated by reference to one or more Indices: [•]
- (vii) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculation by reference to one or more Indices is impossible or impracticable or otherwise disrupted: [•]
(Include a description of market disruption or settlement disruption events and adjustment provisions)
- (viii) Interest Determination Date(s): [•]
- (ix) Interest Period: [As set out in Condition [4(h)]]/[Unadjusted]
(Insert "Unadjusted" if the application of the relevant Business Day Convention is not intended to affect the Interest Period)
- (x) Specified Interest Payment Dates: [•]
- (xi) Averaging Date: [Applicable/Not Applicable]
- (xii) Averaging Date Disruption: [Omission/Postponement/Modified Postponement]
- (xiii) Maximum Number of Disrupted Days: [•]
- (xiv) Valuation Date(s): [•]
- (xv) Valuation Time(s): [•]

- (xvi) Additional Disruption Events: [Not Applicable]
[Change in Law]
[Hedging Disruption]
[Increased Cost of Hedging]
[Loss of Stock Borrow]
[Increased Cost of Stock Borrow]
[Other (*Specify*)]
- (xvii) [Share Substitution: [Applicable/Not Applicable]

(*Specify substitution criteria*)]
- (xviii) Knock-In Event: [Applicable/Not Applicable]

[Reference Level: [•]
Knock-In Level/Range: [•]
Knock-In Valuation Time: [•]
Knock-In Determination Day(s)/Period(s): [•]]
- (xix) Knock-out Event: [Applicable/Not Applicable]

[Reference Level: [•]
Knock-Out Level/Range: [•]
Knock-Out Valuation Time: [•]
Knock-Out Determination Day(s)/Period(s): [•]]
- (xx) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment/ other (*give details*)]
- (xxi) Additional Business Centre(s): [•]
- (xxii) Minimum Rate/ Amount of Interest: [[•] per cent. per annum][Not Applicable]
- (xxiii) Maximum Rate/ Amount of Interest: [[•] per cent. per annum][Not Applicable]
- (xxiv) Day Count Fraction: [•]
- (xxv) Other special terms and conditions: [•]
- 17. FX Linked Interest Note Provisions (Annex 3) [Applicable/Not Applicable]

(*If not applicable, delete the remaining sub paragraphs of this paragraph*)
 - (i) Settlement Currency: [•]
 - (ii) Reference Currency: [•]
 - (iii) (a) Valuation Date: [•]
(b) Valuation Time: [•]
 - (iv) Settlement Rate: [•]
 - (v) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): [Calculation Agent]

- (vi) Provisions for determining Rate(s) of Interest and/or Interest Amount(s) where calculated by reference to other variable: [•]
- (vii) Provisions for determining Rates of Interest and/or Interest Amount(s) where calculation by reference to other variable is impossible or impracticable or otherwise disrupted: [•]
(Include a descriptions of market disruption or settlement disruption events and adjustment provisions)
- (viii) Interest Determination Date(s): [•]
- (ix) Interest Period: [As set out in Condition [4(h)]]/[Unadjusted]
(Insert "Unadjusted" if the application of the relevant Business Day Convention is not intended to affect the Interest Period)
- (x) Specified Interest Payment Dates: [•]
- (xi) Knock-In Event: [Applicable/Not Applicable]
[Reference Level: [•]
Knock-In Level/Range: [•]
Knock-In Valuation Time: [•]
Knock-In Determination Day(s)/Period(s): [•]]
- (xii) Knock-out Event: [Applicable/Not Applicable]
[Reference Level: [•]
Knock-Out Level/Range: [•]
Knock-Out Valuation Time: [•]
Knock-Out Determination Day(s)/Period(s): [•]]
- (xiii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/No Adjustment/ other *(give details)*]
- (xiv) Additional Business Centre(s): [•]
- (xv) Minimum Rate/ Amount of Interest: [[•] per cent. per annum][Not Applicable]
- (xvi) Minimum Rate/ Amount of Interest: [[•] per cent. per annum][Not Applicable]
- (xvii) Day Count Fraction: [•]
- (xviii) Other special terms and conditions: [•]

PROVISIONS RELATING TO REDEMPTION

18. Notice periods for Condition [6(c)]: Minimum period: [•] days
Maximum period: [•] days

19. Call Option: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note: [•] per Note of [•] specified denomination
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [•]
- (b) Maximum Redemption Amount: [•]
- (iv) Notice periods: Minimum period: [•] days
Maximum period: [•] days
20. Put Option: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note: [•] per Note of [•] specified denomination
- (iii) Notice periods: Minimum period: [•] days
Maximum period: [•] days
21. Final Redemption Amount of each Note: [•] per Note of [•] specified denomination
22. Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption: [[•] per Note of [•] specified denomination]/[As calculated in accordance with Condition [5(b)]]
23. Credit Linked Note Provisions (Annex 1) [Applicable/Not Applicable]
(If not applicable, delete the remaining sub paragraphs of this paragraph)
- (i) Type of Credit Linked Note: [Single Name CLN]
[Nth-to-Default CLN]
[Portfolio CLN]
[Other (specify)]
- (ii) Trade Date: [insert]
- (iii) Scheduled Maturity Date: [insert]
- (iv) Interest following Scheduled Maturity Date: [Applicable/Not Applicable]
[Rate of interest (specify)]
- (v) CLN Business Days: [•]

- (vi) CLN Business Day Convention: [Following Business Day Convention]
[Modified Following Business Day Convention]
[Preceding Business Day Convention]
[No Adjustment]
- (vii) Calculation Agent responsible for making calculations and determinations pursuant to the Credit Linked Conditions: [•]
- (viii) Reference Entity[ies]: [•][As set out in Part C]

[For Portfolio CLNs, set out the Reference Portfolio in Part C (Reference Entity, Reference Obligation, Transaction Type, Reference Entity Notional Amount, whether additional provisions (e.g. Sukuk, LPN, Monoline Insurer) apply)]
- (ix) Reference Entity Notional Amount[s]: [•][As set out in Part C]
- (x) Reference Obligation[s]: [Standard Reference Obligation is Applicable.]

[Seniority Level: [Senior Level][Subordinated Level]]

[Original Non-Standard Reference Obligation:
Primary Obligor: [•]
Guarantor: [•]
Maturity: [•]
Coupon: [•]
CUSIP/ISIN: [•]

[As set out in Part C]
- (xi) Transaction Type[s]: [Standard North American Corporate][Standard European Corporate][Other (specify)]

[As set out in Part C]
- (xii) Substitution: [Applicable][Not Applicable][“Reference Obligation Only Trade” is applicable]

[As set out in Part C]
- (xiii) All Guarantees: [As set out in Part C]

[Applicable/Not Applicable]
- (xiv) Credit Events: [As set out in Part C]

[Bankruptcy]

[Failure to Pay]

– [Grace Period Extension:
[Applicable/Not Applicable]]

- [Grace Period: [•] (*specify if not the fallback definition in the Credit Linked Conditions*)]
- [Obligation Acceleration]
- [Obligation Default]
- [Repudiation/Moratorium]
- [Restructuring]
- [Mod R [Applicable/Not Applicable]]
- [Mod Mod R [Applicable/Not Applicable]]
- [Multiple Holder Obligation [Applicable/ Not Applicable]]
- [*If Reference Entity is a Sovereign: Sovereign No Asset Package Delivery* [Applicable/Not Applicable]]
- [Governmental Intervention]
- [*If Governmental Intervention is applicable: CoCo Provisions* [Applicable/Not Applicable]]
- [Trigger Percentage: [•]%]
- [Other (*specify*)]
- (xv) Credit Event Backstop Date: [Applicable/Not Applicable]
- (xvi) For Nth-to-Default Notes only, specify N: [•][Not Applicable]
- (xvii) Default Requirement: [•]
(Specify if not the fallback definition in the Credit Linked Conditions)
- (xviii) Payment Requirement: [•]
(Specify if not the fallback definition in the Credit Linked Conditions)
- (xix) Financial Reference Entity Terms: [Applicable – [Senior/Subordinated] Transaction is applicable]
[Not Applicable]
- (xx) Subordinated European Insurance Terms: [Applicable/Not Applicable]
- (xxi) Notice of Publicly Available Information: [As set out in Part C]
[Applicable/Not Applicable]

[If Applicable:

Public Source(s): [*specify sources*][As set out in the Credit Linked Conditions]]

- (xxii) Obligation(s):
- (a) Obligation Category: [As set out in Part C]
(*select one only*)
- [Payment]
- [Borrowed Money]
- [Reference Obligation Only]
- [Bond]
- [Loan]
- [Bond or Loan]
- (b) Obligation Characteristics: [As set out in Part C]
(*select all of which apply*)
- [Payment]
- [Not Subordinated]
- [Specified Currency: [Standard] [Other (*specify*)]]
- [Not Sovereign Lender]
- [Not Domestic Currency:]
- [Domestic Currency means: [•] (*specify currency if different from Credit Linked Conditions*)]
- [Not Domestic Law]
- [Domestic Law means: (*specify law if different from Credit Linked Conditions*)]
- [Listed]
- [Not Domestic Issuance]
- (c) Additional Obligation(s): [•]
- (d) Excluded Deliverable Obligations: [None]
- [Other (*specify*)]
- (xxiii) Additional Provisions: [*specify whether additional provisions (e.g. Sukuk, LPN, Monoline Insurer) apply*]

Settlement Provisions

- (xxiv) Settlement Method: [Cash Settlement]
[Physical Settlement]
[Auction Settlement]
- (xxv) Fallback Settlement Method: [Cash Settlement]
[Physical Settlement]
- (xxvi) Settlement Currency: [•]
- (xxvii) Settlement Deferral: [Applicable/Not Applicable]
- (xxviii) Cessation of Interest Accrual: As set out in Credit Linked Condition 3(a)[(i)/(ii)]
[If applicable:
Overnight Rate: *[specify details]]]*
- (xxix) Merger Event: [Applicable]
[Not Applicable]
[Merger Event Redemption Date: [•]]
- (xxx) Unwind Costs: [•][*specify amount*][Standard Unwind Costs][Not Applicable]
- (xxxi) Terms relating to Cash Settlement: [Applicable/Not Applicable]
(If not applicable, delete the rest of this subparagraph)
- (a) Cash Settlement Amount: [[•] (*Specify amount, formula or method for determination*)]
- (b) Cash Settlement Date: [[•] CLN Business Days (*Specify method for determination*)]
- (c) Valuation Date: [Single Valuation Date:
[•] Business Days]
[Multiple Valuation Dates:
[•] Business Days; and each
[•] Business Days thereafter.
Total number of Valuation Dates: [•][As specified in the Credit Linked Conditions]]
- (d) Valuation Time: [As specified in the Credit Linked Conditions]
[Other (*specify*)]
- (e) Quotation Method: [Bid/Offer/Mid-market]

- (f) Quotation Amount: [As specified in the Credit Linked Conditions]
[Other (*specify*)]
- (g) Minimum Quotation Amount: [As specified in the Credit Linked Conditions]
[Other (*specify*)]
- (h) CLN Dealers: [As specified in the Credit Linked Conditions]
[Other (*specify*)]
- (i) Valuation Method: [Market/Highest][Average
Market/Highest/Average Highest]
- (j) Accrued Interest [Include Accrued Interest][Exclude Accrued
Interest]
- (xxxii) Terms relating to Physical Settlement: [Applicable/Not Applicable]
(If not applicable, delete the rest of this sub-paragraph)
- (a) Cut-off Date: [•]
- (b) Physical Settlement Period: [[•] Business Days]
[As set out in the Credit Linked Conditions]
- (c) Asset Amount: [Include Accrued Interest][Exclude Accrued
Interest]
- (d) Partial Cash Settlement of Consent Required Loans: [Applicable/Not Applicable]
- (e) Partial Cash Settlement of Assignable Loans: [Applicable/Not Applicable]
- (f) Partial Cash Settlement of Participations: [Applicable/Not Applicable]
- (g) Delivery provisions for Asset Amount if different from
stated above: [•][Not Applicable]
- (h) Indicative Quotation: [Applicable/Not Applicable]
- (i) Valuation Date: [•][Not Applicable]
- (j) Valuation Time: [•][Not Applicable]
- (k) 60 CLN Business Day Cap on Settlement: [Applicable/Not Applicable]
- (l) Asset Package Delivery: [Applicable/Not Applicable]
- (xxxiii) Deliverable Obligations: [Applicable][Not Applicable][As set out in Part
C]
- (a) Deliverable Obligation Category: [As set out in Part C]
(select one only) [Payment]

- [Borrowed Money]
- [Reference Obligation Only]
- [Bond]
- [Loan]
- [Bond or Loan]
- (b) Deliverable Obligation Characteristics:
(select all of which apply)
- [As set out in Part C]
- [Not Subordinated]
- [Specified Currency: *[specify currency]* or Standard Specified Currencies]
- [Not Sovereign Lender]
- [Not Domestic Currency]
- [Domestic Currency means: *(specify currency if different from Credit Linked Conditions)*]
- [Not Domestic Law]
- [Domestic Law means: *(specify law if different from Credit Linked Conditions)*]
- [Listed]
- [Not Domestic Issuance]
- [Assignable Loan]
- [Consent Required Loan]
- [Direct Loan Participation]
- [Qualifying Participation Seller: *specify details*]
- [Transferable]
- [Maximum Maturity means: *(specify period if different from Credit Linked Conditions)*]
- [Accelerated or Matured]
- [Not Bearer]
- (c) Excluded Deliverable Obligations:
- [specify if applicable][None]
- (xxxiv) Additional Credit Linked Note Disruption Event(s):
(select all of which apply)
- [Not Applicable]
- [Change in Law]
- [Hedging Disruption]
- [Increased Cost of Hedging]
- [Other (*Specify*)]

24.	Equity Linked Redemption Note Provisions (Annex 2)	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub paragraphs of this paragraph)</i>
	(A) [Single Share Notes]/[Share Basket Notes]:	[Applicable/Not Applicable] <i>(if not applicable, delete sub paragraph (A))</i>
	(i) Whether the Notes relate to a single share or a basket of shares (each, a " Share ") and the identity of the relevant issuer(s) and class of the Share (each, a " Share Issuer "):	[Single Share Notes]/[Share Basket Notes] (a) Share/Shares: [•] (ISIN: [•]) (b) Share Issuer(s): [•] <i>(insert (c) and (d) below for depositary receipts)</i> (c) Underlying Share/Shares: (ISIN: [•]) (d) Underlying Share Issuer(s): [•]
	(ii) Partial Lookthrough Depositary Receipt Provisions:	[Applicable/Not Applicable]
	(iii) Full Lookthrough Depositary Receipt Provisions:	[Applicable/Not Applicable]
	(iv) Exchange(s):	[•]
	(v) Related Exchange(s):	[•]/[None specified]
	(vi) Weighting for each Share comprising the Basket of Shares:	[[•] <i>(insert details)</i>]/Not Applicable]
	(vii) Whether redemption of the Notes will be by Cash Settlement or Physical Settlement:	[Cash Settlement/Physical Settlement] [Other <i>(Specify)</i>]
	(viii) Party responsible for calculating the Final Redemption Amount:	[Calculation Agent]
	(ix) Provisions for determining Final Redemption Amount where calculation by reference to one or more Shares:	[•]
	(x) Provisions for determining Final Redemption Amount where calculation by reference to one or more Shares is impossible or impracticable or otherwise disrupted:	[•] <i>(Include a description of market disruption or settlement disruption events and adjustment provisions)</i>
	(xi) Averaging Date(s):	[Applicable/Not Applicable]
	(xii) Averaging Date Disruption:	[Omission/Postponement/Modified Postponement]
	(xiii) Maximum Number of Disrupted Days:	[•]
	(xiv) Valuation Date(s):	[•]

- (xv) Valuation Time(s): [•]
- (xvi) Delivery provisions for Shares (including details of who is to make such delivery): [•]
(only where Physical Settlement is applicable)
- (xvii) Additional Disruption Events: [Not Applicable]
[Change in Law]
[Hedging Disruption]
[Increased Cost of Hedging]
[Loss of Stock Borrow]
[Increased Cost of Stock Borrow]
[Other (*Specify*)]
- (xviii) Share Substitution: [Applicable/Not Applicable]
(Specify substitution criteria)
- (xix) Autocall Early Redemption: [Applicable/Not Applicable]
(Insert details of Autocall Early Redemption observation dates, Autocall Early Redemption Amount, and Autocall Early Redemption Date)
- (xx) Knock-In Event: [Applicable/Not Applicable]
[Reference Level: [•]
Knock-In Level/Range: [•]
Knock-In Valuation Time: [•]
Knock-In Determination Day(s)/Period(s): [•]]
- (xxi) Knock-out Event: [Applicable/Not Applicable]
[Reference Level: [•]
Knock-Out Level/Range: [•]
Knock-Out Valuation Time: [•]
Knock-Out Determination Day(s)/Period(s): [•]]
- (xxii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment/ other (*give details*)]
- (xxiii) Additional Business Centre(s): [•]
- (xxiv) Other special terms and conditions: [•]
- (B) [Single Index Notes]/[Index Basket Notes]: [Applicable/Not Applicable]
(if not applicable, delete sub paragraph (B))
- (i) Whether the Notes relate to a single index or a basket of indices (each, an "**Index**") and the identity of the Sponsor of an Index (each, an "**Index Issuer**"): [Single Index Notes]/[Index Basket Notes]
[•], sponsored by [•]
(Bloomberg®code: [•])
(specify Index/Indices/Index Sponsors)

(ii)	Exchange[s]:	[•] / Multi-Exchange is applicable <i>(specify Exchange, or Multi-Exchange Index in relation to each Index)</i>
(iii)	Related Exchange[s]:	[•]/[None specified]
(iv)	Weighting for each Index:	[[•] (<i>insert details</i>)/Not Applicable]
(v)	Party responsible for calculating the Final Redemption Amount:	[Calculation Agent]
(vi)	Provisions for determining Final Redemption Amount where calculated by reference to one or more Indices:	[•]
(vii)	Provisions for determining Final Redemption Amount where calculation by reference to one or more Indices is impossible or impracticable or otherwise disrupted:	[•] <i>(Include a description of market disruption or settlement disruption events and adjustment provisions)</i>
(viii)	Averaging Date:	[Applicable/Not Applicable]
(ix)	Averaging Date Disruption:	[Omission/Postponement/Modified Postponement]
(x)	Maximum Number of Disrupted Days:	[•]
(xi)	Valuation Date(s):	[•]
(xii)	Valuation Time (s):	[•]
(xiii)	Additional Disruption Events:	[Not Applicable] [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [Loss of Stock Borrow] [Increased Cost of Stock Borrow] [Other (<i>Specify</i>)]
(xiv)	Share Substitution:	[Applicable/Not Applicable]
(xv)	Autocall Early Redemption:	[Applicable/Not Applicable] <i>(Insert details of Autocall Early Redemption observation dates, Autocall Early Redemption Amount, and Autocall Early Redemption Date)</i>
(xvi)	Knock-In Event:	[Applicable/Not Applicable] [Reference Level: [•] Knock-In Level/Range: [•] Knock-In Valuation Time: [•] Knock-In Determination Day(s)/Period(s): [•]]
(xvii)	Knock-out Event:	[Applicable/Not Applicable] [Reference Level: [•] Knock-Out Level/Range: [•]

		Knock-Out Valuation Time: [•] Knock-Out Determination Day(s)/Period(s): [•]
(xviii)	Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No Adjustment/ other (<i>give details</i>)]
(xix)	Additional Business Centre(s):	[•] per cent. per annum
(xx)	Other special terms and conditions:	[•]
25.	FX Linked Redemption Note Provisions (Annex 3)	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub paragraphs of this paragraph)</i>
(i)	Settlement Currency:	[•]
(ii)	Reference Currency:	[•]
(iii)	(a) Valuation Date:	[•]
	(b) Valuation Time:	
(iv)	Settlement Rate:	[•]
(v)	Party responsible for calculating the Final Redemption Amount:	[•]
(vi)	Provisions for determining Final Redemption Amount:	[•]
(vii)	Provisions for determining Final Redemption Amount where calculation by reference to other variable is impossible or impracticable or otherwise disrupted:	[•] <i>(Include a descriptions of market disruption or settlement disruption events and adjustment provisions)</i>
(viii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/No Adjustment/ other (<i>give details</i>)]
(ix)	Additional Business Centre (s):	[•]
(x)	Averaging Date:	[Applicable/Not Applicable]
(xi)	FX Disruption Events:	[Dual Exchange Rate] [General Inconvertibility] [General Non-Transferability] [Illiquidity] [Material Change in Circumstance] [Nationalisation] [Price Materiality] [Price Materiality Percentage: [•]] [Primary Rate: [•]] [Secondary Rate: [•]]

- [Price Source Disruption]
 [Reference Source: [•]]
 [Other (*specify*)]
- (xii) FX Disruption Fallbacks: [Calculation Agent Determination of Settlement Rate]
 [Fallback Reference Price]
 [Currency Reference Dealers]
 [Spot Rate:
 [Reference Currency bid exchange rate]
 [Reference Currency offer exchange rate]
 [Average of Reference Currency bid and offer exchange rates]
 [Settlement Currency bid exchange rate]
 [Settlement Currency offer exchange rate]
 [Average of Settlement Currency bid and offer exchange rates]
 [Other (*Specify*)]]
 [Specified Amount: [•]]
 [Specified Time: [•]]
- (xiii) Additional Disruption Events: [Not Applicable]
 [Change in Law]
 [Hedging Disruption]
 [Increased Cost of Hedging]
 [Other (*Specify*)]
- (xiv) Autocall Early Redemption: [Applicable/Not Applicable]

(Insert details of Autocall Early Redemption observation dates, Autocall Early Redemption Amount, and Autocall Early Redemption Date)
- (xv) Knock-In Event: [Applicable/Not Applicable]

 [Reference Level: [•]
 Knock-In Level/Range: [•]
 Knock-In Valuation Time: [•]
 Knock-In Determination Day(s)/Period(s): [•]]
- (xvi) Knock-out Event: [Applicable/Not Applicable]

 [Reference Level: [•]
 Knock-Out Level/Range: [•]
 Knock-Out Valuation Time: [•]
 Knock-Out Determination Day(s)/Period(s): [•]]
- (xvii) Other special terms and conditions: [•]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. Form of Notes: [Bearer Notes:

 [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days' notice/at any time/upon an Exchange Event as specified in the Permanent Global Note]

 [Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]

- [Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/upon an Exchange Event as specified in the Permanent Global Note]
- [Registered Notes;
- Registered Global Certificate registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg]
27. Financial Centre(s): [Not Applicable/[•]]
28. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made /No.]
29. RMB Settlement Centre(s): [•]/[Not Applicable]
30. RMB Currency Event: [Applicable/Not Applicable]
31. Relevant Currency for Condition [6(i)]: [•][Not Applicable]
32. Relevant Spot Rate Screen Pages for Condition [6(i)]:
- (i) Relevant Spot Rate Screen Page (Deliverable Basis): [•][Not Applicable]
- (ii) Relevant Spot Rate Screen Page (Non-deliverable Basis): [•][Not Applicable]
33. Party responsible for calculating the Spot Rate for Condition [6(i)]: [Calculation Agent][Not Applicable]
34. Other special terms or conditions: [*give details of any other special terms and conditions*]

THIRD PARTY INFORMATION

[[•] has been extracted from [specify source]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced inaccurate or misleading.][Not Applicable]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1 LISTING AND ADMISSION TO TRADING

Listing: [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be admitted to the Official List of the Irish Stock Exchange and trading on its Global Exchange Market with effect from [•].]

[No assurances can be given that such application for listing and/or admission to trading will be granted (or, if granted, will be granted by [•] [the Issue Date].) [The Issuer has no duty to maintain the listing (if any) of the Notes on the relevant stock exchange(s) over their entire lifetime.]

[Not Applicable]

(When documenting a fungible issue, indicate that original Notes are already admitted to trading.)

[Estimate of total expenses related to admission to trading: [•][Not Applicable]]¹

2 RATINGS

Ratings: [The Notes will not be rated.][The Notes to be issued have been rated:

[S&P: []]

[Moody's: []]

[Fitch: []]

3 [Index-linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING]

[•]

(Include details of where past and future performance and volatility of the index/equity/commodity/currency/inflation/formula/other variable can be obtained. Where the underlying is an index, include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer, include details of where the information about the index can be obtained. Where the underlying is not an index, include equivalent information. Include other information concerning the underlying required by the rules of the Irish Stock Exchange.)

The Issuer [intends to provide post-issuance information (specify what information will be reported and where it can be obtained)/does not intend to provide post-issuance information with regard to the underlying].

¹ Only applicable where the Notes are to be admitted to the Official List of the Irish Stock Exchange and trading on its Global Exchange Market and are "debt securities" under the rules of the Irish Stock Exchange.

4 OPERATIONAL INFORMATION

ISIN Code:	[•]
Common Code:	[•]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, <i>soci�t� anonyme</i> and the relevant addresses and identification number(s):	[Not Applicable/give name(s) and number(s) and addresses]]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[•][Not Applicable]

5 TERMS AND CONDITIONS OF THE OFFER

Offer Price:	[Issue Price] (specify)
Conditions to which the offer is subject:	[Not Applicable/Offer of the Notes are conditional upon their issue]
Description of the application process:	[Not Applicable/[•] (give details)]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/[•] (give details)]
Details of the minimum and/or maximum amount of application:	[Not Applicable/The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys]
Manner in and date on which results of the offer are to be made public:	[Not Applicable/[•] (give details)]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/[•] (give details)]
Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:	[Not Applicable/Offer may be made by Offerors authorised to do so by the Issuer in (insert relevant jurisdiction) to any person (insert suitability criteria, if any are deemed appropriate, pursuant to any applicable conduct of business rules). In EEA countries, offers may only be made pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus.]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/[•] (give details)]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/[•] (give details)]

Name(s) and address(es), to the extent [None/[•] (*give details*)] known to the Issuer, of the placers in the various countries where the offer takes place:

6 DISTRIBUTION

Method of distribution: Non-syndicated

Dealer: First Abu Dhabi Bank PJSC

U.S. Selling Restrictions: [Reg. S Compliance Category [1/2]; TEFRA D/TEFRA C/TEFRA not applicable]

[PART C – REFERENCE PORTFOLIO]

[insert details of Reference Portfolio for Portfolio CLN]

GENERAL INFORMATION

- (1) The Issuer has obtained all necessary consents, approvals and authorisations in the UAE in connection with the establishment of the Programme. The establishment of the Programme was authorised by resolutions of the Issuer general assembly of the shareholders on 15 March 2016 and by resolutions of the Board of Directors on 27 January 2016.
- (2) There has been no significant change in the financial or trading position of the Issuer or the Group since 30 September 2017 and no material adverse change in the prospects of the Issuer or the Group since 31 December 2016.
- (3) There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Offering Memorandum which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or the Group.
- (5) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the Pricing Supplement.
- (6) The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg. The address of any alternative clearing system will be specified in the Pricing Supplement.
- (7) During the period of 12 months following the date of this Offering Memorandum, the following documents will be available, during usual business hours on any weekday (Fridays, Saturdays and public holidays excepted), for inspection, in electronic form, at the registered office of the Issuer:
 - (a) the memorandum and articles of association of the Bank (together with direct and accurate English translations thereof);
 - (b) the unaudited condensed consolidated financial statements of the Bank for the nine months ended 30 September 2017 and the review report thereon;
 - (c) the audited consolidated financial statements of NBAD for the years ended 31 December 2015 and 31 December 2016 in each case, together with the audit reports prepared in connection therewith;
 - (d) the audited consolidated financial statements of FGB for the years ended 31 December 2015 and 31 December 2016 in each case, together with the audit reports prepared in connection therewith; and
 - (e) the most recently published audited annual financial statements of the Bank and the most recently published unaudited interim financial statements (if any) of the Bank, in each case together with any audit or review reports prepared in connection therewith;
- (8) The current auditors of the Bank are KPMG (authorised and regulated under the Register of Practicing Accountants at the UAE Ministry of Economy and Planning as required by UAE Federal Law No. 22 of 1995) of 15th Floor, Falcon Tower, Al Nasr Street, Abu Dhabi, United Arab Emirates, P.O. Box 7613, who have reviewed the condensed consolidated interim financial statements of the Bank for the six months ending 30 September 2017.

The consolidated financial statements of NBAD for the year ended 31 December 2016 have been audited without qualification in accordance with International Standards on Auditing by PricewaterhouseCoopers (Abu Dhabi Branch) (authorised and regulated under the Register of Practicing Accountants at the UAE Ministry of Economy and Planning as required by UAE Federal Law No. 22 of 1995) of Abu Dhabi Trade Centre, 9th Floor, Abu Dhabi, United Arab Emirates, as stated in their reports, incorporated by reference herein.

The consolidated financial statements of NBAD for the year ended 31 December 2015 have been audited without qualification in accordance with International Standards on Auditing by KPMG, as stated in their reports, incorporated by reference herein.

The consolidated financial statements of FGB for each of the two years ended 31 December 2015 and 31 December 2016 have been audited without qualification in accordance with International Standards on Auditing by Ernst & Young Middle East (Abu Dhabi branch) (authorised and regulated under the Register of Practising Accountants at the UAE Ministry of Economy and Planning as required by UAE Federal Law No. 22 of 1995) of 27th Floor, Nation Tower 2, Abu Dhabi Corniche, United Arab Emirates, as stated in their reports, incorporated by reference herein.

THE ISSUER

First Abu Dhabi Bank PJSC
FAB Building
Khalifa Business Park – Al Qurm District
P.O. Box 6316
Abu Dhabi
United Arab Emirates

THE ARRANGER

First Abu Dhabi Bank PJSC
FAB Building
Khalifa Business Park – Al Qurm District
P.O. Box 6316
Abu Dhabi
United Arab Emirates

FISCAL AGENT, PAYING AGENT AND TRANSFER AGENT

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

REGISTRAR, PAYING AGENT AND TRANSFER AGENT

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building – Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg
Grand Duchy of Luxembourg

AUDITORS TO THE ISSUER

KPMG
15th Floor
Falcon Tower
Al Nasr Street
Abu Dhabi
P.O. Box 7613
United Arab Emirates

LEGAL ADVISERS

to the Issuer as to English law

Clifford Chance LLP
10 Upper Bank Street
London, United Kingdom
E14 5JJ

to the Issuer as to United Arab Emirates law

Clifford Chance LLP
9th Floor
Al Sila Tower
Abu Dhabi Global Market Square
P.O. Box 26492
Abu Dhabi United Arab Emirates