

## SUPPLEMENTARY LISTING PARTICULARS



### HSBC Bank Middle East Limited

*(A public company incorporated with limited liability in Jersey with registered number 85600)*

*as Issuer*

#### U.S. \$7,000,000,000 DEBT ISSUANCE PROGRAMME

This supplement (the "**Supplement**") to the information memorandum dated 15 July 2014 relating to the U.S. \$7,000,000,000 Debt Issuance Programme (the "**Information Memorandum**", which constitutes listing particulars for the purposes of listing on the Official List of the Irish Stock Exchange ("**Listing**") and trading on the Global Exchange Market of the Irish Stock Exchange and, for the avoidance of doubt, which does not constitute (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC (as amended)), constitutes supplementary listing particulars (pursuant to rule 3.10 of the Global Exchange Market Listing and Admission to Trading – Rules) for the purposes of Listing.

Terms defined in the Information Memorandum have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Information Memorandum and any other supplements to the Information Memorandum prepared by HSBC Bank Middle East Limited, as issuer (the "**Issuer**") in relation to its U.S. \$7,000,000,000 Debt Issuance Programme (the "**Programme**").

This Supplement has been approved by the Irish Stock Exchange for the purposes of Listing.

The Issuer accepts responsibility for the information contained in this Supplement. 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 Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

The purpose of this Supplement is to amend the Information Memorandum to provide for the issuance of "Credit-Linked Notes" pursuant to the Programme in relation to which the interest and/or the amount payable and/or the value of the assets deliverable on redemption reflect the performance of a reference entity or reference obligation, or a portfolio of reference entities or reference obligations and the credit-linked terms of which include terms based on the 2014 ISDA Credit Derivatives Definitions and which amendments include, *inter alia*:

- amendments to the Terms and Conditions of the Notes therein to reflect certain features of such Credit-Linked Notes;
- the addition of a new "Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)" section in the Additional Terms and Conditions of the Notes therein, the purpose of which is to provide information in relation to such Credit-Linked Notes;
- the restatement of the Pro Forma Pricing Supplement to reflect such Credit-Linked Notes; and
- the update of the risk factors relating to the Notes therein to reflect such Credit-Linked Notes.

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated by reference in the Information Memorandum prior to the date of this Supplement, the statement in this Supplement will prevail.

Save as disclosed in this Supplement, no significant new factor, material mistake or inaccuracy relating to information included in the Information Memorandum has arisen or been noted, as the case may be, since the publication of the Information Memorandum.

18 December 2014

## TABLE OF CONTENTS

AMENDMENTS.....	- 4 -
ANNEX 1 - Amendments to the Terms and Conditions of the Notes.....	- 6 -
ANNEX 2 - Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version).....	- 8 -
ANNEX 3 - Pro Forma Pricing Supplement .....	- 90 -
ANNEX 4 - Risk Factors.....	- 142 -

## AMENDMENTS

The Information Memorandum will be amended as follows:

- (a) the Terms and Conditions of the Notes therein will be amended as set out in Annex 1 hereto;
- (b) a new "Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)" section, as set out in Annex 2 hereto, will be added immediately following the "Additional Terms and Conditions relating to Equity-Linked Notes, Cash Equity Notes and Index-Linked Notes" section in the Additional Terms and Conditions of the Notes therein;
- (c) the Pro Forma Pricing Supplement therein will be restated as set out in Annex 3 hereto;
- (d) the section thereof entitled "How to use this document" will be amended by the deletion of the penultimate paragraph thereof and the substitution of the following therefor:

"All investors and prospective investors in Credit-Linked Notes should read the General Provisions, either the "Additional Terms and Conditions relating to Credit-Linked Notes" or, if the relevant Pricing Supplement for the Credit-Linked Notes specifies the "Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)" is applicable, the "Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)" and the applicable section of the "Product Description relating to Credit-Linked Notes", together with the relevant Pricing Supplement for the particular series of Credit-Linked Notes.";

- (e) the "Risk Factors" section therein will be amended by:
  - (i) the deletion of the heading "Risks relating to Credit-Linked Notes" under the "Risks relating to the Notes" section thereof and the substitution of the heading "Risks relating to Credit-Linked Notes to which the "Additional Terms and Conditions relating to Credit-Linked Notes" apply" therefor; and
  - (ii) the addition of a new section therein entitled "Risks relating to Credit-Linked Notes to which the "Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)" apply", as set out in Annex 4 hereto, immediately following the "Risks relating to Credit-Linked Notes to which the "Additional Terms and Conditions relating to Credit-Linked Notes" apply"; and
- (f) the "Product Descriptions" section therein will be amended by:
  - (i) the addition of a new heading "Credit-Linked Notes to which the "Additional Terms and Conditions relating to Credit-Linked Notes" apply" at the start of the "Product Description relating to Credit-Linked Notes" section therein; and
  - (ii) the insertion of the following paragraphs at the end of the "Product Description relating to Credit-Linked Notes" section therein:

"Credit-Linked Notes to which the "Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)" apply

Notes issued pursuant to the Programme may include Credit-Linked Notes, being Notes in relation to which the interest rate and/or the amount payable and/or the value of the assets deliverable on redemption reflect the performance of a reference entity or

reference obligation, or a portfolio of reference entities or reference obligations and the credit-linked terms of which include terms based on the 2014 ISDA Credit Derivatives Definitions. These Credit-Linked Notes may be auction settled, with cash settlement as the fallback settlement method, or physically settled, as specified in more detail in the relevant Pricing Supplement. The terms of such Credit-Linked Notes may also include leverage if and as specified in more detail in the relevant Pricing Supplement.

Credit-Linked Notes usually offer a higher yield than most basic eurobonds with a similar credit rating.

Details of the reference entity or reference entities to which Credit-Linked Notes relate and of the page(s) of Bloomberg, the Reuters Service and/or other source(s) where information about such reference entity or reference entities can be obtained will be specified in the relevant Pricing Supplement."

## ANNEX 1

### Amendments to the Terms and Conditions of the Notes

The Terms and Conditions of the Notes in the Information Memorandum shall be amended as follows:

1. The last sentence of the final paragraph of Condition 2 (*Status*) shall be amended by the insertion of the words "or asset" following the words "any sum" therein;
2. Condition 3(b) (*Accrual of interest*) shall be deleted and the following substituted therefor:

"Fixed Rate Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 8 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless payment of the redemption amount and/or delivery of all assets deliverable is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 3 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and/or all assets in respect of such Note have been delivered and (ii) the day which is seven days after the day the Principal Paying Agent or the Trustee has notified the Noteholders that it or (as applicable) any agent appointed by the Issuer to deliver the relevant assets to the Noteholders has received all sums and/or all assets due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment and/or delivery, in which case the Notes will continue to bear interest as aforesaid).";

3. Condition 4(b) (*Accrual of interest*) shall be deleted and the following substituted therefor:

"Floating Rate Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 8 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless payment of the redemption amount and/or delivery of all assets deliverable is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and/or all assets in respect of such Note have been delivered and (ii) the day which is seven days after the day the Principal Paying Agent or the Trustee has notified the Noteholders that it or (as applicable) any agent appointed by the Issuer to deliver the relevant assets to the Noteholders has received all sums and/or all assets due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment and/or delivery, in which case the Notes will continue to bear interest as aforesaid).";

4. The penultimate italicised paragraph of Condition 6 (*Redemption and Purchase*) shall be deleted and the following substituted therefor:

*"For Notes which are specified as Credit-Linked Notes, please also refer to the section entitled "Additional Terms and Conditions relating to Credit-Linked Notes" or, if specified as applicable in the relevant Pricing Supplement, the section entitled "Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)" which in either case includes additional redemption and purchase circumstances relating to such Notes."*

5. Condition 10 (*Enforcement*) shall be amended by:
  - (a) the insertion of the words "or the delivery of any Entitlement" after the words "the repayment of any principal" in paragraph (a) thereof;
  - (b) the insertion of the words "or delivery" before the words "(1) in order to comply" and "or (2) in cases of doubt" in the proviso to paragraph (a) thereof; and
  - (c) the insertion of the words "or assets" after the words "the recovery of amounts" in paragraph (e) thereof; and
6. Condition 15 (*Modification of Terms, Waiver and Substitution*) shall be amended by the insertion of the words "or the Asset Amount and due date for delivery under the Notes" after the words "or interest or other amount payable in respect thereof" in the first paragraph thereof.

**ANNEX 2**

**Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)**



**ADDITIONAL TERMS AND CONDITIONS RELATING TO CREDIT-LINKED NOTES (2014 ISDA CREDIT DERIVATIVES DEFINITIONS VERSION)**

The section headed "*Terms and Conditions of the Notes*" of this Information Memorandum shall be supplemented and modified by the following "*Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)*" (the "**Credit Linked Conditions**" and, together with the Terms and Conditions of the Notes, the "**Base Conditions**") in respect of any issue of Credit-Linked Notes as amended or supplemented by the terms of each Tranche of Notes set out in the Pricing Supplement (the "**Pricing Supplement**") for which "Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)" is specified as applicable therein. For the avoidance of doubt, the section headed "*Additional Terms and Conditions relating to Credit-Linked Notes*" of this Information Memorandum will not apply in respect of any issue of Credit-Linked Notes for which "Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)" is specified as applicable in the relevant Pricing Supplement.

In the event of any inconsistency between the "*Terms and Conditions of the Notes*" and the "*Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)*", such "*Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)*" shall prevail and the "*Terms and Conditions of the Notes*" shall be amended accordingly.

Unless otherwise stated in these Credit Linked Conditions or in the relevant Pricing Supplement, in the event that any day specified in the section "Credit Linked Redemption" in the relevant Pricing Supplement or the last day of any period calculated by reference to calendar days falls on a day that is not a Business Day, such day or last day shall be subject to adjustment in accordance with the applicable Business Day Convention.

In the case of Credit Linked Notes for which more than one Reference Entity is specified in the relevant Pricing Supplement, all references to "the Reference Entity" herein shall be construed to refer to the Reference Entity in respect of which the relevant determination falls to be made at any relevant time and all related provisions and determinations will be construed accordingly. In addition, where an event, date, determination or circumstance relates to a Reference Entity, only those Business Centre(s) specified in relation to that Reference Entity will be deemed to apply for the purposes of the definition of "Business Day" in relation thereto and otherwise all of the Business Centre(s) specified in the relevant Pricing Supplement (including those for all Reference Entities) will apply for the purposes of the definition of "Business Day".

For the avoidance of doubt no Credit Linked Notes will be considered frustrated, or otherwise void or voidable (whether for mistake or otherwise) solely because:

- (a) any relevant Reference Entity does not exist on, or ceases to exist on or following, the Trade Date; and/or
- (b) Obligations, Deliverable Obligations, Valuation Obligations or the Reference Obligation do not exist on, or cease to exist on or following, the Trade Date.

Credit Linked Notes may take the form of Single Reference Entity Credit Linked Notes (which may be Leveraged Credit Linked Notes) or Basket Credit Linked Notes. The Settlement Method for Single Reference Entity Credit Linked Notes which are not Leveraged Credit Linked Notes may be Auction Settlement or Physical Settlement and the Settlement Method for Single Reference Entity Credit Linked Notes which are Leveraged Credit Linked Notes will be Auction Settlement. The Settlement Method for Basket Credit Linked Notes will be Auction Settlement and either Credit Payment on Maturity or Credit Payment As You Go will apply. The relevant Pricing Supplement shall specify, amongst other things:

- (a) the type of Credit Linked Notes;
- (b) the Settlement Method and (in the case of Basket Credit Linked Notes) whether Credit Payment on Maturity or Credit Payment As You Go will apply;
- (c) the Reference Entity or Reference Entities in respect of which a Credit Event may occur;
- (d) the Reference Obligation(s) (if any) in respect of each Reference Entity;
- (e) the Trade Date and the Scheduled Maturity Date; and
- (f) the Reference Entity Notional Amount in respect of each Reference Entity.

**1. Redemption of Credit Linked Notes**

- (a) Unless previously redeemed or purchased and cancelled and subject as provided in Credit Linked Condition 2, Credit Linked Condition 3, Credit Linked Condition 4 and Credit Linked Condition 5 and, in the case of Leveraged Credit Linked Notes, provided that no Trigger Event Option Notice has been delivered (unless, if a Trigger Event Option Notice has been delivered, an Additional Note Issuance has also occurred), the Issuer shall redeem each Credit Linked Note on the Maturity Date by payment of the final redemption amount set out in the relevant Pricing Supplement. The final redemption amount will be rounded to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards).

In the case of Instalment Notes, subject as provided in Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, the Issuer shall redeem each Credit Linked Note in such number of instalments and in such amounts ("**Instalment Amounts**") as may be specified in, or determined herein or in accordance with the provisions of, the relevant Pricing Supplement.

If a Credit Event Determination Date has occurred in respect of any Reference Entity, provided, in the case of Leveraged Credit Linked Notes, that no Trigger Event Option Notice has been delivered (unless, if a Trigger Event Option Notice has been delivered, an Additional Note Issuance has also occurred), the Issuer shall redeem each Credit Linked Note as described below.

If a Trigger Event Option Notice has been delivered in the case of Leveraged Credit Linked Notes (and no Additional Note Issuance has also occurred), the Issuer shall redeem each Credit Linked Note as described below.

References in these Credit Linked Conditions to a Credit Linked Note or Note are to a principal amount of Credit Linked Notes equal to the Calculation Amount. Any payment of a "*pro rata*" amount in respect of a Note will be determined by reference to its principal amount relative to the then aggregate principal amount of Notes. For the avoidance of doubt, Condition 6(a) will not apply.

- (b) Where the Notes are Single Reference Entity Credit Linked Notes, if a Credit Event Determination Date has occurred in relation to the Reference Entity, then the Notes will be settled in accordance with Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable.

- (c) Where the Notes are Basket Credit Linked Notes, if a Credit Event Determination Date has occurred in respect of any specified Reference Entity, then the provisions of Credit Linked Condition 5 will apply.
- (d) Where any Credit Event Redemption Amount is or would be zero then, other than for the payment of accrued interest or any other due but unpaid amounts, the Notes will be cancelled as of the Credit Event Redemption Date with no payment being due other than any final amount of accrued interest or any other due but unpaid amounts. The Issuer will have no further obligations in respect of the Credit Linked Notes.
- (e) Where the Notes are Leveraged Credit Linked Notes, if a Trigger Event Option Notice is delivered (and no Additional Note Issuance has also occurred), then the Notes will be settled in accordance with Credit Linked Condition 13.
- (f) If any purchase and cancellation of Notes occurs under Condition 6(f) or any further issue under Condition 16, the Calculation Agent will make such adjustments to the relevant Pricing Supplement and/or these Credit Linked Conditions as it determines appropriate (including Reference Entity Notional Amounts) to ensure the Notes continue to reflect economic intentions.

## 2. Auction Settlement

- (a) Where (i) Auction Settlement is specified as the applicable Settlement Method in the relevant Pricing Supplement for Single Name Credit Linked Notes and a Credit Event Determination Date occurs on or prior to the Auction Final Price Determination Date or (ii) Credit Linked Condition 4(b) applies and the Issuer does not give a Notice of Physical Settlement, the Issuer shall give notice (such notice an "**Auction Settlement Notice**") to the Noteholders in accordance with Condition 14 (*Notices*), and, subject to these Credit Linked Conditions, in particular Credit Linked Condition 1, redeem all but not some only of the Credit Linked Notes, each Credit Linked Note being redeemed by the Issuer at the Credit Event Redemption Amount on the Credit Event Redemption Date. Any delay in the delivery of an Auction Settlement Notice or failure by the Issuer to deliver an Auction Settlement Notice shall not affect the validity of a Credit Event Determination Date.
- (b) Unless settlement has occurred in accordance with the paragraph above, if:
  - (i) an Auction Cancellation Date occurs;
  - (ii) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to paragraphs (b) or (c)(ii) of the definition of No Auction Announcement Date, the Issuer has not exercised the Movement Option);
  - (iii) a DC Credit Event Question Dismissal occurs;
  - (iv) a Credit Event Determination Date was determined pursuant to paragraph (a)(i) of the definition of Credit Event Determination Date or paragraph (a) of the definition of Non-Standard Credit Event Determination Date and no Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Credit Event Determination Date; or
  - (v) the Calculation Agent determines that it is otherwise reasonably likely that the Reference Transaction would be settled in accordance with the Fallback

Settlement Method and gives notice of such to the Issuer (the date on which the Calculation Agent gives such notice, the "**Calculation Agent Fallback Settlement Determination Date**"),

then the Issuer shall redeem the Credit Linked Notes in accordance with Credit Linked Condition 3 below.

*If a Credit Event Determination Date has occurred and the Notes become redeemable in accordance with this Credit Linked Condition 2, upon payment of the Credit Event Redemption Amounts in respect of the Notes, the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the principal amount of a Credit Linked Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.*

### 3. Cash Settlement

If a Credit Event Determination Date has occurred and Credit Linked Condition 2(b) above applies, the Issuer shall give notice (such notice a "**Cash Settlement Notice**") to the Noteholders in accordance with Condition 14 (*Notices*), and, subject to these Credit Linked Conditions, in particular Credit Linked Condition 1, redeem all but not some only of the Credit Linked Notes, each Credit Linked Note being redeemed by the Issuer at the Credit Event Redemption Amount on the Credit Event Redemption Date. Any delay in the delivery of a Cash Settlement Notice or failure by the Issuer to deliver a Cash Settlement Notice shall not affect the validity of a Credit Event Determination Date.

*If a Credit Event Determination Date has occurred and the Notes become redeemable in accordance with this Credit Linked Condition 3, upon payment of the Credit Event Redemption Amounts in respect of the Notes, the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the principal amount of a Credit Linked Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.*

### 4. Physical Settlement

(a) A Series of Credit Linked Notes for which the Settlement Method is Physical Delivery may only comprise one Note and therefore be issued with a Specified Denomination and Calculation Amount equal to the Aggregate Principal Amount and these Credit Linked Conditions will be construed accordingly. Condition 16 shall not apply to such Credit Linked Notes.

(b) If a Credit Event Determination Date has occurred, then where Physical Delivery is specified as the applicable Settlement Method in the relevant Pricing Supplement, the Issuer shall give notice (such notice a "**Notice of Physical Settlement**") to the Noteholders in accordance with Condition 14 (*Notices*), and, subject to these Credit Linked Conditions, in particular Credit Linked Condition 1, redeem each Credit Linked Note by the Delivery of the Deliverable Obligations comprising the Entitlement on or prior to the Credit Settlement Date, subject to and in accordance with the Conditions and these Credit Linked Conditions, unless in the determination of the Issuer in its sole and absolute discretion in its opinion (i) it would not have any Deliverable Obligations to so Deliver or (ii) all of the Deliverable Obligations would be Undeliverable Obligations, in which case the provisions of Credit Linked Condition 2 above shall apply as if Auction Settlement were thereafter the Settlement Method and these Credit

Linked Conditions and the relevant Pricing Supplement will be construed accordingly and the Issuer shall redeem the Credit Linked Notes in accordance with Credit Linked Condition 2. Any delay in the delivery of a Notice of Physical Settlement or failure by the Issuer to deliver a Notice of Physical Settlement shall not affect the validity of a Credit Event Determination Date.

The relevant Asset Package, if applicable, will be deemed to be a Deliverable Obligation and the composition of the Asset Package and the Entitlement in respect of each Credit Linked Note will be determined by reference to the relevant Prior Deliverable Obligation or Package Observable Bond specified in the relevant Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable. Where appropriate the Calculation Agent may make any adjustment in relation to provisions for physical delivery and determination of the Entitlement to take account of the relevant Asset Package.

In the Notice of Physical Settlement, the Issuer shall specify the Deliverable Obligations comprising the Entitlement that it reasonably expects to Deliver. For the avoidance of doubt, the Issuer shall be entitled to select any of the Deliverable Obligations to constitute the Entitlement, irrespective of their market value.

The Issuer may, from time to time, amend a Notice of Physical Settlement by delivering a notice to Noteholders in accordance with Condition 14 (*Notices*), (each such notification, a "**Physical Settlement Amendment Notice**") that the Issuer is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior Physical Settlement Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such Physical Settlement Amendment Notice is effective). A Physical Settlement Amendment Notice shall specify each replacement Deliverable Obligation that the Issuer will Deliver (each, a "**Replacement Deliverable Obligation**") and shall also specify the Outstanding Principal Balance or Due and Payable Amount (determined on the same basis as in the definition of Entitlement) of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior Physical Settlement Amendment Notice, as applicable, that is being replaced or the equivalent Currency Amount of any such amount (with respect to each such Deliverable Obligation, the "**Replaced Deliverable Obligation Outstanding Amount**"). The Replacement Deliverable Obligation(s), taken together, shall have an aggregate Replaced Deliverable Obligation Outstanding Amount at least equal to the Outstanding Principal Balance(s) and/or Due and Payable Amount(s) (or the equivalent Currency Amount(s) of any such amount(s)) of the Deliverable Obligations being replaced. Each such Physical Settlement Amendment Notice must be effective on or prior to the Credit Settlement Date (determined without reference to any change resulting from such Physical Settlement Amendment Notice). Notwithstanding the foregoing, (i) the Issuer may correct any errors or inconsistencies contained in the Notice of Physical Settlement or any Physical Settlement Amendment Notice, as applicable, by notice to Noteholders in accordance with Condition 14 (*Notices*), prior to the relevant Delivery Date; and (ii) if Asset Package Delivery is applicable, the Issuer shall on the PSN Effective Date, or as soon as reasonably practicable thereafter (but in any case, prior to the Delivery Date), notify the Noteholders (in accordance with Condition 14 (*Notices*)) of the detailed description of the Asset Package, if any, that the Issuer will Deliver in lieu of the Prior Deliverable Obligation or Package Observable Bond, if any, specified in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable, it being understood in each case that any such notice shall not constitute a Physical Settlement Amendment Notice.

If "Mod R" is specified as applicable in the relevant Pricing Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation falls within paragraph (e) of the definition thereof or the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may be included in the Entitlement only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, both the PSN Effective Date and the Delivery Date.

If "Mod Mod R" is specified as applicable in the relevant Pricing Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation falls within paragraph (e) of the definition thereof or the Deliverable Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may be included in the Entitlement only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, both the PSN Effective Date and the Delivery Date. For the purposes of this paragraph only and notwithstanding the foregoing, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.

Asset Package Delivery will apply if an Asset Package Credit Event occurs, unless (i) such Asset Package Credit Event occurs prior to the Credit Event Backstop Date determined in respect of the Credit Event specified in the Credit Event Notice or DC Credit Event Announcement applicable to the Credit Event Determination Date, or (ii) if the Reference Entity is a Sovereign, no Package Observable Bond exists immediately prior to such Asset Package Credit Event. Notwithstanding the foregoing, if Sovereign No Asset Package Delivery is specified as applicable in the relevant 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 thereto.

***If a Credit Event Determination Date has occurred and the Notes become redeemable in accordance with this Credit Linked Condition 4, upon Delivery of the Deliverable Obligations and/or payment of the Partial Cash Settlement Amounts, as the case may be, the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The value of such Deliverable Obligations and/or the Partial Cash Settlement Amount, as the case may be, may be less than the principal amount of a Credit Linked Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.***

- (c) Terms relating to Physical Delivery
  - (i) Asset Transfer Notices

In relation to a Credit Linked Note to be redeemed by Delivery of the Entitlement(s), in order to obtain Delivery of the Entitlement in respect of any Note, the relevant Noteholder must:

- (A) if such Note is in global form, deliver to the relevant Clearing System and (in the case of Registered Notes) the Registrar, with a copy to the Principal Paying Agent, the Issuer and any entity appointed by the Issuer to Deliver the Entitlement on its behalf (the "**Delivery Agent**") no later than the close of business in each place of reception on the Cut-off Date, a duly completed asset transfer notice (the "**Asset Transfer Notice**"); and
- (B) if such Note is in definitive form, deliver (i) if such Note is a Bearer Note, to any Paying Agent or (ii) if such Note is a Registered Note, to the Registrar or any Paying Agent, in each case, with a copy to the Principal Paying Agent, the Issuer and the Delivery Agent (as defined above) no later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice.

For the purposes hereof, "**Cut-Off Date**" means the date specified as such in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable.

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

An Asset Transfer Notice may only be delivered (i) if such Note is in global form, in such manner as is acceptable to the relevant Clearing System or (ii) if such Note is in definitive form, in writing.

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

The Asset Transfer Notice shall:

- (1) specify the name, address and contact telephone number of the relevant Noteholder and the person from whom the Issuer or Delivery Agent may obtain details for the Delivery of the Entitlement;
- (2) specify the series number of the Notes;
- (3) in the case of a Note in global form, specify the number of the Noteholder's account at the relevant Clearing System to be debited with the Note and irrevocably instruct and authorise the relevant Clearing System to debit the relevant Noteholder's account with such Note on or before the Credit Settlement Date;
- (4) include an undertaking to pay all Expenses and, in the case of a Note in global form, an authority to the relevant Clearing System to debit a specified account of the Noteholder with the relevant Clearing System in respect thereof and to pay such Expenses;
- (5) include such details as are required for Delivery of the Entitlement which may include account details and/or the name and address of any person(s)

into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be Delivered and/or any other Delivery instructions and specify the name and number of the Noteholder's account to be credited with any cash payable by the Issuer, (including, where applicable, pursuant to Credit Linked Condition 11, in respect of any cash amount constituting the Entitlement); and

- (6) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided therein.

(ii) Verification of the Noteholder

In the case of a Note in global form, upon receipt of an Asset Transfer Notice, the relevant Clearing System shall verify that the person delivering the Asset Transfer Notice is the holder of the Note described therein according to its records. Subject thereto, the relevant Clearing System will confirm to the Principal Paying Agent the series number of the Note the subject of such notice, the relevant account details and the details for the Delivery of the Entitlement of such Note. Upon receipt of such confirmation, the Principal Paying Agent will inform the Issuer and any Delivery Agent thereof. The relevant Clearing System will on or before the Credit Settlement Date debit the securities account of the relevant Noteholder with the relevant Note.

(iii) Determination and Delivery

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made by the relevant Paying Agent or the Registrar, as the case may be, in each case in consultation with the Principal Paying Agent, and shall be conclusive and binding on the Issuer, the Principal Paying Agent, any Delivery Agent and the relevant Noteholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Paying Agent, the Issuer and any Delivery Agent immediately after being delivered or sent as provided in 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 in global form, the relevant Clearing System, or, in the case of a Note in definitive form, by the relevant Paying Agent or the Registrar, as the case may be, in each case in consultation with the Principal Paying Agent, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered as provided above.

The relevant Clearing System or the relevant Registrar or the Paying Agent, as applicable, shall use its reasonable efforts as soon as reasonably practicable to notify the Noteholder submitting an Asset Transfer Notice, if, in consultation with the Principal Paying Agent and the Issuer, it has determined that such Asset Transfer Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Paying Agents, the Registrar or the relevant Clearing System shall be liable to any person with respect to any action taken or omitted to be taken by it in



connection with such determination or the notification of such determination to a Noteholder.

No Asset Transfer Notice 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 Note which is the subject of such notice.

In relation to each Deliverable Obligation comprising an Entitlement the Issuer will Deliver or procure the Delivery of the relevant Deliverable Obligation on or prior to the Credit Settlement Date at the risk of the relevant Noteholder in the manner provided below and provided that the Asset Transfer Notice is duly delivered as provided above not later than the close of business in each place of reception on the Cut-Off Date, Provided That if all or some of the Deliverable Obligations included in such Entitlement are Undeliverable Obligations and/or Hedge Disruption Obligations as of the Credit Settlement Date, then the provisions of Credit Linked Condition 11 below will apply.

If a Noteholder fails to give an Asset Transfer Notice as provided herein with a copy to each relevant party prior to the close of business in each place of reception on the Cut-Off Date, then the Deliverable Obligations comprising the relevant Entitlement will be treated as Hedge Disruption Obligations and the provisions of Credit Linked Condition 11 below will apply.

The Issuer (or any Delivery Agent on its behalf) shall, at the risk of the relevant Noteholder, Deliver (or procure the Delivery) of the Entitlement for a Note, in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice or in such manner as is specified in the relevant Pricing Supplement. All Expenses shall be for the account of the relevant Noteholder and no Delivery of the Entitlement shall be made until all Expenses have been paid by the relevant Noteholder to the satisfaction of the Issuer.

(iv) General

The Entitlement will be rounded down to the nearest whole unit of the Deliverable Obligation or each of the Deliverable Obligations, as the case may be, in such manner as the Calculation Agent shall determine. Fractions of the Deliverable Obligation or of each of the Deliverable Obligations, as the case may be, will not be delivered and in lieu thereof a cash adjustment calculated by the Calculation Agent in its sole and absolute discretion shall be paid to the Noteholder.

For such period of time after Delivery of the Entitlement and for the Intervening Period, none of the Issuer, the Paying Agents, the Registrar, any Delivery Agent or any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of the securities or obligations included in such Entitlement, (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.

(d) Rights of Noteholders and Calculations

None of the Issuer, the Calculation Agent, any Delivery Agent and the Agents shall have any responsibility for any errors or omissions in any calculation or determination in respect of a Note.

The purchase of a Note does not confer on any holder of such Note any rights (whether in respect of voting, distributions or otherwise) attaching to any Deliverable Obligation.

**5. Redemption of Basket Credit Linked Notes following a Credit Event Determination Date**

(a) If a Credit Event Determination Date has occurred in respect of any specified Reference Entity (i) the Issuer shall give notice in each case that a Credit Event Determination Date has occurred (such notice a "**Settlement Notice**") to the Noteholders in accordance with Condition 14 (*Notices*) and (ii) in respect of each Basket Credit Linked Note:

(A) where the Notes are Basket Credit Linked Notes to which Credit Payment As You Go applies, the Issuer shall pay as an Instalment Amount for the purposes of Credit Linked Condition 1(a) above an amount equal to the relevant Credit Event Amount (for which purposes, subject as provided below, the Settlement Method shall apply), if any, on the relevant Credit Event Payment Date which will be the relevant Instalment Date;

(B) for the avoidance of doubt, the interest calculation basis described in paragraph (b) below will continue to apply; and

(C) where the Notes are Basket Credit Linked Notes to which Credit Payment As You Go applies, notwithstanding anything to the contrary herein, if on or prior to the Maturity Date the Adjusted Credit Outstanding Nominal Amount is equal to zero, each Credit Linked Note will be redeemed (together with accrued interest, if any) at the final Credit Event Amount on the final Credit Event Payment Date. If such final Credit Event Amount is zero then, other than for the payment of accrued interest or any other due but unpaid amounts, the Notes will be cancelled as of the final Credit Event Payment Date with no payment being due other than any final amount of accrued interest or any other due but unpaid amounts. The Issuer will have no further obligations in respect of the Credit Linked Notes.

Unless (x) in the case of Credit Linked Notes to which Credit Payment As You Go applies, settlement has occurred in accordance with part (A) above or (y) in the case of Credit Linked Notes to which Credit Payment on Maturity applies, the Notes have been redeemed at final redemption amount on the Maturity Date, if:

(i) an Auction Cancellation Date occurs;

(ii) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to paragraphs (b) or (c)(ii) of the definition of No Auction Announcement Date, the Issuer has not exercised the Movement Option);

- (iii) a DC Credit Event Question Dismissal occurs;
- (iv) a Credit Event Determination Date was determined pursuant to paragraph (a)(i) of the definition of Credit Event Determination Date or paragraph (a) of the definition of Non-Standard Credit Event Determination Date and no Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Credit Event Determination Date; or
- (v) a Calculation Agent Fallback Settlement Determination Date occurs,

then the Fallback Settlement Method shall apply for the purposes of the Credit Event Amount.

For the avoidance of doubt and as applicable parts (A) and (B) of this provision will apply and part (C) of this provision will continue to apply in relation to each Reference Entity in respect of which a Credit Event Determination Date has occurred.

Any delay in the delivery of a Settlement Notice or failure by the Issuer to deliver a Settlement Notice shall not affect the validity of the Credit Event Determination Date in respect of the affected Reference Entity.

A Credit Event Determination Date may occur more than once except that, subject as provided in Credit Linked Condition 15 and the definition of Credit Event Determination Date in Credit Linked Condition 14, a Credit Event Notice (if applicable) may only be delivered on one occasion and a Credit Event Determination Date may occur once only, with respect to any Reference Entity (unless subsequent to the occurrence of a Credit Event Determination Date with respect to any Reference Entity, that Reference Entity becomes the Successor to one or more other Reference Entities in respect of which a Credit Event Determination Date has not occurred, in which case a Credit Event Determination Date may occur again).

- (b) Each Note will bear interest pursuant to, and in accordance with, Condition 3 or Condition 4, as applicable, provided that for the purposes of determining the interest amounts payable, the provisions set out in Credit Linked Condition 6 will not apply and instead the Calculation Amount shall be deemed to be each Note's *pro rata* share of the Interest Adjusted Credit Outstanding Nominal Amount in respect of the relevant Interest Period.
- (c) The final redemption amount will be, unless otherwise specified in the relevant Pricing Supplement, an amount calculated by the Calculation Agent equal to a Note's *pro rata* share of:
  - (i) where the Notes are Basket Credit Linked Notes to which Credit Payment As You Go applies, the Adjusted Credit Outstanding Nominal Amount as of the Maturity Date; or
  - (ii) where the Notes are Basket Credit Linked Notes to which Credit Payment on Maturity applies, the sum of (x) the Adjusted Credit Outstanding Nominal Amount as of the Maturity Date and (y) the sum of the aggregate of the Credit Event Amounts in respect of the Notes (for which purposes, subject as provided above, the Settlement Method shall apply), if any, in respect of each Reference Entity with respect to which a Credit Event Determination Date has occurred.

The final redemption amount will be rounded to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards).

If the final redemption amount is zero then, other than for the payment of accrued interest or any other due but unpaid amounts, the Notes will be cancelled as of the Maturity Date with no payment being due other than any final amount of accrued interest or any other due but unpaid amounts. The Issuer will have no further obligations in respect of the Credit Linked Notes.

- (d) For the purposes of Basket Credit Linked Notes:

**"Adjusted Credit Outstanding Nominal Amount"** means, on any date, (i) the Aggregate Principal Amount as of the Issue Date of the first Tranche of the Notes minus (ii) the aggregate Reference Entity Notional Amounts of Reference Entities in respect of which a Credit Event Determination Date has occurred on or prior to the relevant date minus, if Shortfall Amount is specified as applicable in the relevant Pricing Supplement, (iii) the aggregate of any Shortfall Amounts in respect of the aggregate of the Credit Event Amounts in respect of the Notes for each Reference Entity in respect of which a Credit Event Determination Date has occurred on or prior to the relevant date, Provided That in no event shall the Adjusted Credit Outstanding Nominal Amount be less than zero;

**"Interest Adjusted Credit Outstanding Nominal Amount"** means, in respect of an Interest Period, the arithmetic average of the Adjusted Credit Outstanding Nominal Amounts for each day in such Interest Period, calculated without the deduction of any applicable Shortfall Amounts; and

**"Shortfall Amount"** means, in respect of a Credit Event Amount, (a) (i) the relevant Unwind Costs minus (ii) the relevant Recovery Value or, if greater, (b) zero.

## 6. Accrual of Interest

Notwithstanding Condition 3(b) and Condition 4(b), as applicable, other than in the case of Basket Credit Linked Notes, where Credit Linked Condition 5(b) will apply, if:

- (i) "Accrual of Interest upon Credit Event" is specified as not applicable in the relevant Pricing Supplement, no interest shall be payable (and accordingly will be deemed not to have accrued) in respect of a Note in respect of which the relevant date for payment thereof (as may be adjusted pursuant to these Credit Linked Conditions) has not occurred on or prior to the Credit Event Determination Date or, if the Credit Event Determination Date falls prior to the first such payment date, no interest shall accrue on the Notes; or
- (ii) "Accrual of Interest upon Credit Event" is specified as applicable in the relevant Pricing Supplement, each Note shall cease to bear interest from the Credit Event Determination Date or, if earlier, the last day of the Interest Period ending on (but excluding) the Scheduled Maturity Date,

Provided That, if:

- (A) (1) Credit Linked Condition 7, Credit Linked Condition 8 or Credit Linked Condition 9 applies in respect of the Notes and, in the case of Credit Linked Condition 7, a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or, in the case of Credit Linked

Condition 8, a Failure to Pay has not occurred on the Grace Period Extension Date or, in the case of Credit Linked Condition 9, a Credit Event has not occurred on or prior to the DC Determination Cut-off Date, as the case may be; and/or

- (2) Credit Linked Condition 10 applies in respect of the Notes and a Credit Event Determination Date or the Repudiation/Moratorium Extension Condition, as applicable, has not occurred or is not satisfied on or prior to the Postponed Cut-off Date,

then interest will accrue as provided in Credit Linked Condition 7, Credit Linked Condition 8, Credit Linked Condition 9 or Credit Linked Condition 10, as the case may be; and

- (B) without duplication to any adjustment pursuant to the final paragraph of "Credit Event Determination Date" below, if one or more Interest Payment Dates has occurred between the Credit Event Determination Date and its determination, the Issuer may elect in its sole and absolute discretion to instigate the clawback, withholding and/or repayment by the Noteholder (whether by way of claim, set off, adjustment in future amounts payable or deliverable by the Issuer under the Notes or otherwise) of any overpaid Interest Amount(s) paid in respect of such Interest Payment Date(s).

**7. Repudiation/Moratorium Extension**

If "Repudiation/Moratorium" is specified as a Credit Event in the relevant Pricing Supplement, the provisions of this Credit Linked Condition 7 shall apply.

Where a Credit Event Determination Date has not occurred on or prior to the Scheduled Maturity Date but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Maturity Date or, if Credit Linked Condition 10(y) applies, the Postponed Cut-off Date and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation Moratorium will, in the sole determination of the Calculation Agent, fall after the Scheduled Maturity Date, then the Calculation Agent shall notify the Noteholders in accordance with Condition 14 (*Notices*) that a Potential Repudiation/Moratorium has occurred and the maturity of the Notes will be delayed and:

- (a) where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date:
  - (i) each principal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer at the final redemption amount set out in the relevant Pricing Supplement on the fifth Business Day following the Repudiation/Moratorium Evaluation Date or, if later, the Postponed Cut-off Date; and
  - (ii) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest (if any) calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the fifth Business Day following the Repudiation/Moratorium Evaluation Date or, if later, the Postponed Cut-off Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or

- (b) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and a Credit Event Determination Date has occurred, the provisions of Credit Linked Condition 1 and Credit Linked Condition 2, Credit Linked Condition 3, Credit Linked Condition 4 or Credit Linked Condition 5, as applicable, shall apply to the Credit Linked Notes.

Any failure to provide notice of any such delay to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the above provisions.

#### **8. Grace Period Extension**

If "Grace Period Extension" is specified as applicable in the relevant Pricing Supplement, the provisions of this Credit Linked Condition 8 shall apply.

Where a Credit Event Determination Date has not occurred on or prior to the Scheduled Maturity Date but, in the determination of the Calculation Agent, a Potential Failure to Pay has occurred with respect to one or more Obligation(s) in respect of which a Grace Period is applicable on or prior to the Scheduled Maturity Date (and such Grace Period(s) is/are continuing as at the Scheduled Maturity Date), then the Calculation Agent shall notify the Noteholders in accordance with Condition 14 (*Notices*) that a Potential Failure to Pay has occurred and the maturity of the Notes will be delayed and:

- (a) where a Failure to Pay has not occurred on the Grace Period Extension Date:
  - (i) each principal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer at the final redemption amount set out in the relevant Pricing Supplement on the fifth Business Day following the Grace Period Extension Date; and
  - (ii) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the fifth Business Day following the Grace Period Extension Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or
- (b) where a Failure to Pay has occurred on the Grace Period Extension Date and a Credit Event Determination Date has occurred, the provisions of Credit Linked Condition 1 and Credit Linked Condition 2, Credit Linked Condition 3, Credit Linked Condition 4 or Credit Linked Condition 5, as applicable, shall apply to the Credit Linked Notes.

Any failure to provide notice of any such delay to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the above provisions.

#### **9. Credit Derivatives Determinations Committee Extension**

If, in the determination of the Calculation Agent, a Potential Credit Event has occurred and following a Credit Event Resolution Request Date the Credit Derivatives Determinations Committee has not made its determination on or prior to the Scheduled Maturity Date or any Interest Payment Date then the Calculation Agent shall notify Noteholders in accordance with Condition 14 (*Notices*) that the Maturity Date or the relevant interest payment has been postponed to a date (the "**DC Determination Postponed Date**") being the day falling five

Business Days after (a) if the Credit Derivatives Determinations Committee Resolves that a Credit Event has occurred, fifteen (15) Business Days following the relevant DC Credit Event Announcement or (b) if the Credit Derivatives Determinations Committee Resolves that a Credit Event has not occurred, the second Business Day following the relevant DC No Credit Event Announcement or, as applicable, (c) fifteen (15) Business Days following the DC Credit Event Question Dismissal (the date of the relevant DC Credit Event Announcement, DC No Credit Event Announcement or DC Credit Event Dismissal, as applicable, the "**DC Determination Cut-off Date**"), and:

- (a) in the case of the Maturity Date, where a Credit Event has not occurred on or prior to the DC Determination Cut-off Date:
  - (i) each principal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer at the final redemption amount set out in the relevant Pricing Supplement on the relevant DC Determination Postponed Date; and
  - (ii) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or if none the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the relevant DC Determination Postponed Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or
- (b) where a Credit Event has occurred on or prior to the DC Determination Cut-off Date and a Credit Event Determination Date has occurred, the provisions of Credit Linked Condition 1 and Credit Linked Condition 2, Credit Linked Condition 3, Credit Linked Condition 4 or Credit Linked Condition 5, as applicable, shall apply to the Credit Linked Notes; or
- (c) in relation to such event as of an Interest Payment Date, the Calculation Agent may delay the relevant amount of interest which would otherwise be payable on the relevant Interest Payment Date. In this case where (i) a Credit Event has not occurred on or prior to the DC Determination Cut-off Date then the relevant amount of interest shall be payable on the relevant DC Determination Postponed Date but no additional interest will be payable in respect of the relevant delay and for the avoidance of doubt no amendment will be made to any Interest Period or basis of calculation of the relevant amount of interest, other than as described above; or (ii) where a Credit Event has occurred on or prior to the DC Determination Cut-off Date and a Credit Event Determination Date has occurred thereafter, the relevant amount of interest will be adjusted accordingly and may be zero and (if any) will be payable on the relevant DC Determination Postponed Date.

Any failure to provide notice of any such postponement to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the above provisions.

#### **10. Maturity Date Extension in the case of Credit Linked Notes**

The following provisions of this Credit Linked Condition 10 apply to Credit Linked Notes and, for the avoidance of doubt, may be applied on more than one occasion:

Without prejudice to Credit Linked Condition 12, if:

- (x) on (A) the Scheduled Maturity Date, (B), if applicable, the Repudiation/Moratorium Evaluation Date, (C) if Grace Period Extension is specified as applying in the relevant Pricing Supplement, the Grace Period Extension Date, (D) the last day of the Notice Delivery Period or (E) the DC Determination Cut-off Date, as the case may be, a Credit Event Determination Date has not occurred but, in the determination of the Calculation Agent, a Credit Event or Potential Credit Event may have occurred; or
- (y) on the Scheduled Maturity Date, in the determination of the Calculation Agent, a Potential Repudiation/Moratorium may have occurred,

the Calculation Agent may at its option notify the Noteholders in accordance with Condition 14 (*Notices*) that redemption of the Notes has been postponed and, in the case of (x) above, the Repudiation/Moratorium Evaluation Date, the Grace Period Extension Date, the last day of the Notice Delivery Period (which for these purposes shall apply in the case of (x)(A) as well as (x)(D) above) or the DC Determination Cut-off Date, as the case may be, has been postponed to the Postponed Cut-off Date and:

where:

- (a) in the case of Credit Linked Condition 10(x), a Credit Event Determination Date has not occurred on or prior to the Postponed Cut-off Date or, in the case of Credit Linked Condition 10(y), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Cut-off Date:

- (i) subject as provided below, each Note will be redeemed by the Issuer at the final redemption amount set out in the relevant Pricing Supplement on the Postponed Maturity Date; and
- (ii) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Postponed Maturity Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or

- (b) where:

- (i) in the case of Credit Linked Condition 10(x), a Credit Event Determination Date has occurred on or prior to the Postponed Cut-off Date, the provisions of Credit Linked Condition 1 and Credit Linked Condition 2, Credit Linked Condition 3, Credit Linked Condition 4 or Credit Linked Condition 5, as applicable, shall apply to the Credit Linked Notes; or
- (ii) in the case of Credit Linked Condition 10(y), the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Cut-off Date, the provisions of Credit Linked Condition 7 shall apply to the Credit Linked Notes.

For the purposes hereof:

**"Postponed Cut-off Date"** means the fifteenth (15th) Business Day after the Scheduled Maturity Date, the relevant Repudiation/Moratorium Evaluation Date or Grace Period Extension Date, or



the last day of the Notice Delivery Period or the DC Determination Cut-off Date, as the case may be; and

"**Postponed Maturity Date**" means the fifth (5th) Business Day after the Postponed Cut-off Date.

#### 11. **Partial Cash Settlement**

If all or a portion of the Obligations comprising the Entitlement are Undeliverable Obligations and/or Hedge Disruption Obligations, the Issuer shall give notice (a "**Partial Cash Settlement Notice**") to the Noteholders in accordance with Condition 14 (*Notices*) and the Issuer shall pay in respect of each Undeliverable Obligation and/or Hedge Disruption Obligation, as the case may be, the Partial Cash Settlement Amount on the Partial Cash Settlement Date. Any failure to provide a Partial Cash Settlement Notice will not constitute an Event of Default under the Notes and will not affect the validity of any of the foregoing provisions.

In the Partial Cash Settlement Notice, the Issuer must give details of why it is unable to deliver the relevant Undeliverable Obligations or Hedge Disruption Obligation, as the case may be.

Unless otherwise specified in the relevant Pricing Supplement, for the purposes of this Credit Linked Condition 11 only the following terms shall be defined as follows and such definitions will apply notwithstanding other definitions of such terms in Credit Linked Condition 14:

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

"**Market Value**" means, with respect to an Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, on a Valuation Date, (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if Indicative Quotations are specified as applying in the relevant 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 paragraph (b) of the definition of "Quotation" below, an amount as determined by the Calculation Agent on the next Business Day on which at least two Full Quotations or a Weighted Average Quotation or, if applicable, three Indicative Quotations are obtained; and (vii) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) on the same Business Day on or prior to the tenth Business Day

following the Valuation Date the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.

**"Partial Cash Settlement Amount"** is deemed to be, for an Undeliverable Obligation or a Hedge Disruption Obligation, as the case may be, an amount calculated by the Calculation Agent equal to the greater of:

- (i) (A) the Outstanding Principal Balance, the Due and Payable Amount or the Currency Amount, as applicable, of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be; multiplied by
  - (B) (x) the Final Price with respect to such Undeliverable Obligation or Hedge Disruption Obligation, determined as provided in this Credit Linked Condition or (y) in the case of a Hedge Disruption Obligation, if a Hedging Auction has been held on or prior to the Credit Settlement Date, the Hedging Auction Final Price; less if applicable
  - (C) Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the relevant Entitlement); less
  - (D) Expenses, if any (but excluding any Expenses already taken into account in calculating the relevant Entitlement); and
- (ii) zero,

provided that where the relevant Undeliverable Obligation or Hedge Disruption Obligation forms part of the Asset Package and (in the case of (x) above) the Calculation Agent determines in its sole discretion that a Final Price cannot reasonably be determined in respect of such Undeliverable Obligation or Hedge Disruption Obligation, then the Partial Cash Settlement Amount will be an amount calculated by the Calculation Agent in its sole discretion equal to the fair market value of the relevant Undeliverable Obligation or Hedge Disruption Obligation less Unwind Costs if any (but excluding any Unwind Costs already taken into account in calculating the relevant Entitlement) and less Expenses, if any (but excluding any Expenses already taken into account in calculating the relevant Entitlement).

**"Partial Cash Settlement Date"** is deemed to be the date falling five Business Days after the calculation of the Final Price or, if the Hedging Auction Final Price applies, the Credit Settlement Date.

**"Quotation"** means each Full Quotation, the Weighted Average Quotation and, if Indicative Quotations are specified as applying in the relevant Pricing Supplement, each Indicative Quotation obtained and expressed as a percentage of the Outstanding Principal Balance or Due and Payable Amount, as applicable, of the relevant Undeliverable Obligation or Hedge Disruption Obligation with respect to a Valuation Date in the manner that follows:

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three

Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers, and, if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day and Indicative Quotations are specified as applying in the relevant Pricing Supplement, the Calculation Agent shall attempt to obtain three Indicative Quotations from five or more Quotation Dealers.

- (b) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are specified as applying in the relevant Pricing Supplement, three Indicative Quotations) on the same Business Day on or prior to the tenth Business Day following the Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.
- (c) The Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this determination.

**"Quotation Amount"** is deemed to be, with respect to each type or issue of Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, an amount equal to at least the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent by reference to exchange rates in effect at the time that the relevant Quotation is being obtained), as applicable, of such Undeliverable Obligation or Hedge Disruption Obligations, as the case may be.

**"Quotation Method"** is deemed to be Bid.

**"Valuation Date"** is the fifth Business Day following the Credit Settlement Date.

**"Valuation Method"** is deemed to be Highest unless fewer than two Full Quotations are obtained or a Weighted Average Quotation applies (or, if applicable, Indicative Quotations), in which case "Valuation Method" is deemed to be Market.

**"Valuation Obligation"** is deemed to be each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be.

**"Valuation Time"** is the time specified as such in the relevant Pricing Supplement, or, if no time is so specified, 11:00 a.m. in the principal trading market for the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be.

**"Weighted Average Quotation"** means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be, with an Outstanding Principal Balance or Due and

Payable Amount, as applicable, of as large a size as available but less than the Quotation Amount that in aggregate are approximately equal to the Quotation Amount.

## 12. Settlement Suspension

### (a) Suspension

Without prejudice to Credit Linked Condition 10, if, following the determination of a Credit Event Determination Date but prior to the Credit Settlement Date or, to the extent applicable, a Valuation Date, there is a DC Credit Event Meeting Announcement, the Calculation Agent may, at its option, determine that the applicable timing requirements of the Credit Linked Conditions and the definitions of Credit Event Redemption Date, Credit Event Payment Date, Valuation Date, Maturity Date, Physical Settlement Period and PSN Cut-off Date, and any other Credit Linked Condition provision(s) as determined by the Calculation Agent, shall toll and be suspended and remain suspended (such period of suspension, a "**Suspension Period**") until the date of the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal. Once the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal has occurred, the relevant timing requirements of the Credit Linked Conditions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by the DC Secretary.

In the event of any such Suspension Period, the Calculation Agent may make (x) such consequential or other adjustment(s) or determination(s) to or in relation to the Conditions and these Credit Linked Conditions as may be desirable or required either during or following any relevant Suspension Period to account for or reflect such suspension and (y) determine the effective date of such adjustment(s) or determination(s).

### (b) Interest

In the case of interest bearing Credit Linked Notes:

- (i) if a Suspension Period falls in any one or more Interest Period(s), then no interest (or any interest on any delayed payment of interest) shall accrue during each portion of an Interest Period during which a Suspension Period exists; and
- (ii) if an Interest Payment Date falls in a Suspension Period, payment of the relevant interest will be deferred until such date as determined by the Calculation Agent falling no earlier than the first Business Day and no later than the fifth Business Day following the end of the Suspension Period, all subject to the provisions of Condition 8 (*Payments*) and Credit Linked Conditions 7, 8, 9 and 10.

## 13. Trigger Event Provisions

- (a) Where the Notes are Leveraged Credit Linked Notes, from the date on which the Calculation Agent determines (in good faith) that a Trigger Event has occurred up to and including the tenth (10th) Business Day following the day of such determination (whether or not the Trigger Event is continuing), the Issuer may, by providing two (2) Business Days written notice to the Noteholders in accordance with Condition 14 (*Notices*) (a "**Trigger Event Option Notice**"), elect to either (i) issue additional Notes with a principal amount equal to the Principal Increase Amount (an "**Additional Note**

**Issuance**") or (ii) redeem the Notes (a "**Principal Shortfall Redemption**") (such option, the "**Trigger Event Option**").

The Issuer may give a Trigger Event Option Notice whether or not it has already given a Credit Event Notice or taken any steps to exercise its option under Condition 6(b) (*Redemption for Taxation Reasons*) and any giving of a Trigger Event Option Notice (unless it is subsequently followed by an Additional Note Issuance) shall supersede and override any earlier Credit Event Notice or exercise of such option.

- (b) If the Issuer elects to exercise the Additional Note Issuance, the Aggregate Principal Amount of the Notes shall be increased by the Principal Increase Amount on the date falling two (2) Business Days following the delivery of the Trigger Event Option Notice. There will be no change to the Reference Entity Notional Amount upon the Additional Note Issuance.
- (c) If the Issuer elects to exercise the Principal Shortfall Redemption, the Issuer shall redeem all of the Notes on the date falling two (2) Business Days following the delivery of the Trigger Event Option Notice (such second Business Day, the "**Trigger Event Redemption Date**") at an amount equal to each Note's *pro rata* share of the Note Value as of the Trigger Event Redemption Date.
- (d) A Trigger Event may occur more than once during the term of the Notes. Only one Trigger Event Option Notice may be delivered by the Issuer and an Additional Note Issuance or a Principal Shortfall Redemption can only occur once.
- (e) Definitions relating to the occurrence of a Trigger Event

**"Mark to Market Swap Value"** means, on any date, an amount equal to the market value of the Reference Transaction on such date calculated on the basis of a Floating Rate Payer Calculation Amount equal to the Reference Entity Notional Amount and using the offered side of credit default swap rates, as determined by the Calculation Agent in good faith. The Mark to Market Swap Value will be positive if the Reference Transaction is in the money to the seller under such Reference Transaction.

**"Note Value"** means, on any date, an amount equal to the sum of (i) the Aggregate Principal Amount on such date and (ii) the Mark to Market Swap Value on such date minus (iii) the Unwind Costs on such date, provided that, solely for the purposes of this definition of "Note Value", on any date on which the Notes fall due for redemption, the Mark to Market Swap Value shall be the amount determined two (2) Business Days prior to such date.

**"Principal Increase Amount"** means the amount specified as such in the relevant Pricing Supplement.

**"Trigger Event"** shall occur on any Business Day on which (i) the offered side spread on such day on the Reference Transaction is greater than the Trigger Level as determined by the Calculation Agent in good faith; and (ii) no Additional Note Issuance has occurred on such date.

**"Trigger Level"** means the percentage rate per annum specified as such in the relevant Pricing Supplement.

**14. Definitions applicable to Credit Linked Notes**

"**2.5-year Limitation Date**" has the meaning given to that term in the definition of "Limitation Date".

"**10-year Limitation Date**" has the meaning given to that term in the definition of "Limitation Date".

"**Accrued Interest**" means for the purpose of these Credit Linked Conditions:

- (a) in respect of any Notes for which "Physical Settlement" is specified to be the Settlement Method in the relevant Pricing Supplement, the Outstanding Principal Balance of the Deliverable Obligations being Delivered will exclude accrued but unpaid interest, unless "Include Accrued Interest" is specified in the relevant 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 reasonable discretion);
- (b) in respect of any Notes for which Cash Settlement is applicable as the Fallback Settlement Method in accordance with Credit Linked Condition 2, and:
  - (i) "Include Accrued Interest" is specified in the relevant Pricing Supplement, the Outstanding Principal Balance of the relevant Valuation Obligation shall include accrued but unpaid interest;
  - (ii) "Exclude Accrued Interest" is specified in the relevant Pricing Supplement, the Outstanding Principal Balance of the relevant Valuation Obligation shall not include accrued but unpaid interest; or
  - (iii) neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the relevant Pricing Supplement, the Calculation Agent shall determine, based on the then current market practice in the market of the relevant Valuation Obligation whether the Outstanding Principal Balance of the relevant Valuation Obligation shall include or exclude accrued but unpaid interest and, if applicable, the amount thereof; or
- (c) if Credit Linked Condition 11 applies, the Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation or Hedge Disruption Obligation (as applicable), whether such Quotations shall include or exclude accrued but unpaid interest.

"**Additional Note Issuance**" has the meaning given to that term in Credit Linked Condition 13.

"**Adjusted Credit Outstanding Nominal Amount**" has the meaning given to that term in Credit Linked Condition 5.

"**Affiliate**" means in relation to any entity (the "**First Entity**"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "**control**" means ownership of a majority of the voting power of an entity.

"**Asset**" means each obligation, equity, amount of cash, security, fee (including any "early-bird" or other consent fee), right and/or other asset, whether tangible or otherwise and whether issued, incurred, paid or provided by the Reference Entity or a third party (or any value which was

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

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

**"Asset Package"** means, in respect of an Asset Package Credit Event, all of the Assets in the proportion received or retained by a Relevant Holder in connection with such relevant Asset Package Credit Event (which may include the Prior Deliverable Obligation or Package Observable Bond, as the case may be). If the Relevant Holder is offered a choice of Assets or a choice of combinations of Assets, the Asset Package will be the Largest Asset Package. If the Relevant Holder is offered, receives and retains nothing, the Asset Package shall be deemed to be zero.

**"Asset Package Credit Event"** means:

- (a) if "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the relevant Pricing Supplement:
  - (i) a Governmental Intervention; or
  - (ii) a Restructuring in respect of the Reference Obligation, if "Restructuring" is specified as applicable in the relevant Pricing Supplement and such Restructuring does not constitute a Governmental Intervention; and
- (b) if the Reference Entity is a Sovereign and "Restructuring" is specified as applicable in the relevant Pricing Supplement, 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"** has the meaning given to that term in Credit Linked Condition 4

**"Auction"** shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Cancellation Date"** shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Covered Transaction"** shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Final Price"** shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Final Price Determination Date"** shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Settlement Date"** shall mean the date that is the number of Business Days as shall be specified in the relevant Transaction Auction Settlement Terms (or, if a number of Business Days is not so specified, five Business Days) immediately following the Auction Final Price Determination Date.

"**Auction Settlement Notice**" has the meaning given to that term in Credit Linked Condition 2.

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

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective;
- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty (30) calendar days of the institution or presentation thereof or before the Scheduled Maturity Date, whichever is earlier;
- (e) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty (30) calendar days thereafter or before the Scheduled Maturity Date, whichever is earlier; or
- (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has any analogous effect to any of the events specified in clauses (a) to (g).

"**Basket Credit Linked Notes**" means Credit Linked Notes indicated as such in the relevant Pricing Supplement, where the Issuer purchases credit protection from the Noteholders in respect of a basket of Reference Entities.

"**Calculation Agent City Business Day**" means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Calculation Agent City specified in the relevant Pricing Supplement.

"**Calculation Agent Fallback Settlement Determination Date**" has the meaning given to that term in Credit Linked Condition 2.

"**Cash Settlement Notice**" has the meaning given to that term in Credit Linked Condition 3.



**"Conditionally Transferable Obligation"** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, in each case as of each such date the Calculation Agent determines appropriate for purposes of the Hedging Arrangements or, if none at the relevant time, both the PSN 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 paragraph (a) below of the definition of Deliverable Obligation below.

**"Credit Derivatives Auction Settlement Terms"** means any Credit Derivatives Auction Settlement Terms published by ISDA, a form of which will be published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended from time to time.

**"Credit Derivatives Determinations Committee"** (and each a "Credit Derivatives Determinations Committee") means each committee established pursuant to the DC Rules for purposes of reaching certain DC Resolutions in connection with credit derivative transactions.

**"Credit Event"** means the occurrence of any one or more of the Credit Events specified in the relevant Pricing Supplement which may include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium, Restructuring or Governmental Intervention.

If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (a) any lack or alleged lack of authority or capacity of the Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or

- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

"**Credit Event Amount**" means, following the occurrence of a Credit Event Determination Date in respect of any Reference Entity (i) the amount specified as such in the relevant Pricing Supplement or (ii) a Note's *pro rata* share of the amount (which may be zero but never less than zero) calculated by the Calculation Agent in accordance with the following formula:

$$(\text{RENA} \times \text{FP}) - \text{UC}.$$

Where:

"**RENA**" is the Reference Entity Notional Amount in respect of the affected Reference Entity;

"**FP**" is the Final Price or the Auction Final Price, as applicable, in respect of the affected Reference Entity;

"**UC**" is Unwind Costs.

Expressed in words, this is (1) the product of the Reference Entity Notional Amount in respect of the affected Reference Entity and the Final Price or Auction Final Price, as applicable, in respect of the affected Reference Entity (the "**Recovery Value**") minus (2) the Unwind Costs. Any Credit Event Amount will be rounded to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards).

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

- (a) for purposes of any event that constitutes a Credit Event (or with respect to a Repudiation/Moratorium, if applicable, the event described in paragraph (b) of the definition of Repudiation/Moratorium), as determined by DC Resolution, the date that is 60 calendar days prior to the Credit Event Resolution Request Date; or
- (b) otherwise, the date that is sixty (60) calendar days prior to the earlier of:
  - (i) if the Notice Delivery Date occurs during the Notice Delivery Period, the Notice Delivery Date; and
  - (ii) if the Notice Delivery Date occurs during the Post Dismissal Additional Period, the Credit Event Resolution Request Date.

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

"**Credit Event Determination Date**" means, with respect to a Credit Event with respect to which:

- (a) Auction Settlement is the applicable Settlement Method:
  - (i) subject to paragraph (a)(ii) of this definition, the Notice Delivery Date if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, provided that neither (A) a DC Credit Event Announcement has occurred nor (B) a DC No Credit Event Announcement has

occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or

(ii) notwithstanding paragraph (a)(i) of this definition, the Credit Event Resolution Request Date, if a DC Credit Event Announcement has occurred, the Credit Event Resolution Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) and either:

(A) (1) the Credit Event is not an M(M)R Restructuring; and  
(2) the Trade Date occurs on or prior to a DC Announcement Coverage Cut-off Date; or

(B) (1) the Credit Event is an M(M)R Restructuring; and  
(2) a Credit Event Notice is delivered and is effective on or prior to the fifth Business Day following the Exercise Cut-off Date,

*provided that* no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered (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 or (II) unless the Calculation Agent otherwise determines this is consistent with the Hedging Arrangements or, if none at the relevant time, (x) unless, and to the extent that, the Partial Redemption Amount specified in any such Credit Event Notice was less than the relevant Reference Entity Notional Amount or (y) unless the Deliverable Obligations set out on the Final List applicable to the Transaction Auction Settlement Terms are identical to the Permissible Deliverable Obligations, or

(b) if paragraph (a) of this definition does not apply, the Non-Standard Credit Event Determination Date,

Provided further that no Credit Event Determination Date will occur, and any Credit Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, prior to the Auction Final Price Determination Date, a Valuation Date, the Credit Settlement Date, the Credit Event Redemption Date, the relevant Credit Event Payment Date or the Maturity Date, as applicable, a DC No Credit Event Announcement Date occurs with respect to the relevant event.

If, in accordance with the provisions above, (i) following the determination of a Credit Event Determination Date, such Credit Event Determination Date is deemed (A) to have occurred on a date that is different from the date that was originally determined to be the Credit Event Determination Date or (B) not to have occurred or (ii) a Credit Event Determination Date is deemed to have occurred prior to one or more preceding Interest Payment Dates, the Calculation Agent will determine (1) such adjustment(s) to these Credit Linked Conditions (including any adjustment to payment amounts) as may be required to achieve as far as practicable the same economic position of Noteholders as would have prevailed had a Credit Event Determination Date occurred on such deemed date of occurrence and (2) the effective date of such adjustment(s).

"**Credit Event Notice**" means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred 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 must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set out in Credit Linked Condition 17.

"**Credit Event Payment Date**" means, subject as provided in Credit Linked Condition 12, in relation to any Credit Event Amount the day falling the number of Business Days specified in the relevant Pricing Supplement (or, if a number of Business Days is not so specified, five Business Days) following the calculation of the relevant Final Price or Auction Final Price, as applicable.

"**Credit Event Redemption Amount**" means, unless otherwise specified in the relevant Pricing Supplement:

- (a) in the case of Single Reference Entity Credit Linked Notes which are not Leveraged Credit Linked Notes, an amount calculated by the Calculation Agent equal to each Note's *pro rata* share of:

$$(RENA \times FP) - UC - E.$$

Expressed in words, this is (1) the product of the Reference Entity Notional Amount and the Final Price or Auction Final Price, as applicable, minus (2) the Unwind Costs, minus (3) if Credit Linked Condition 2(a)(ii) applies, Expenses, if any; or

- (b) in the case of Single Reference Entity Credit Linked Notes which are Leveraged Credit Linked Notes, an amount calculated by the Calculation Agent equal to each Note's *pro rata* share of:

$$APA - (RENA \times [100\% - FP]) - UC.$$

Expressed in words, this is (i) (a) the Aggregate Principal Amount minus the product of (a) the Reference Entity Notional Amount and (b) (x) 100 per cent. minus (y) the Final Price or Auction Final Price, as applicable, minus (ii) Unwind Costs.

Where:

"**RENA**" is the Reference Entity Notional Amount;

"**FP**" is the Final Price or the Auction Final Price, as applicable; and

"**UC**" is Unwind Costs,

provided that, in each case, in no event shall the Credit Event Redemption Amount be less than zero. The Credit Event Redemption Amount will be rounded to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards).

**"Credit Event Redemption Date"** means, subject to Credit Linked Condition 12, the day falling five Business Days, or such other number of Business Days specified in the relevant Pricing Supplement, after (i) the calculation of the Final Price or (ii) the Auction Settlement Date, as applicable, in each case in respect of the Reference Entity in respect of which the relevant Credit Event Determination Date has occurred.

**"Credit Event Resolution Request Date"** means, with respect to a DC Credit Event Question, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which the DC Credit Event Question was effective and on which the relevant Credit Derivatives Determinations Committee was in possession of Publicly Available Information with respect to such DC Credit Event Question.

**"Credit Settlement Currency"** means the currency specified as such in the relevant Pricing Supplement, or if no currency is specified in the relevant Pricing Supplement, the Specified Currency of the Credit Linked Notes.

**"Credit Settlement Date"** means the last day of the longest Physical Settlement Period following the PSN Cut-off Date (the **"Scheduled Credit Settlement Date"**) provided that if a Hedge Disruption Event has occurred and is continuing on the second Business Day immediately preceding the Scheduled Credit Settlement Date, the Credit Settlement Date shall be the second Business Day following the date on which no Hedge Disruption Event subsists or such earlier date (if any) on which the Calculation Agent determines that in its opinion such Hedge Disruption Event is unlikely to cease.

**"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 Credit Settlement Currency, an amount converted to the Credit Settlement Currency using a conversion rate determined by reference to the Currency Rate and (b) a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, an amount converted to the Credit Settlement Currency (or, if applicable, back into the Credit Settlement Currency) using a conversion rate determined by reference to the Currency Rate, if any, and each Revised Currency Rate used to convert each Replaced Deliverable Obligation Outstanding Amount specified in each Physical Settlement Amendment Notice with respect to that portion of the relevant Credit Linked Notes into the currency of denomination of the relevant Replacement Deliverable Obligation.

**"Currency Rate"** means, with respect to (a) a Deliverable Obligation specified in the Notice of Physical Settlement or any Physical Settlement Amendment Notice, as applicable, the rate of conversion between the Credit Settlement Currency and the currency in which the Outstanding Principal Balance or Due and Payable Amount of such Deliverable Obligation is denominated that is either (i) determined by reference to the Currency Rate Source as at the Next Currency Fixing Time or (ii) if such rate is not available at such time, determined by the Calculation Agent and (b) a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, the Revised Currency Rate.

**"Currency Rate Source"** means the mid-point rate of conversion published by WM/Reuters at 4:00 p.m. (London time), or any successor rate source approved by the relevant Credit Derivatives Determinations Committee or, if no such successor rate source is approved by the relevant Credit Derivatives Determinations Committee where relevant, any successor rate source selected by the Calculation Agent in its sole and absolute discretion.

"**Cut-off Date**" has the meaning given to that term in Credit Linked Condition 4.

"**DC Announcement Coverage Cut-off Date**" means, with respect to a DC Credit Event Announcement, the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is fourteen calendar days following the No Auction Announcement Date, if any, as applicable.

"**DC Credit Event Announcement**" means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date, provided that if the Credit Event occurred after the 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 Determination Cut-off Date**" has the meaning given to that term in Credit Linked Condition 9.

"**DC Determination Postponed Date**" has the meaning given to that term in Credit Linked Condition 9.

"**DC No Credit Event Announcement**" means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that is the subject of a DC Credit Event Question does not constitute a Credit Event.

"**DC Party**" has the meaning given to that term in the DC Rules.

"**DC Resolution**" has the meaning given to that term in the DC Rules.

"**DC Rules**" means the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at [www.isda.org](http://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 relevant Pricing Supplement or its equivalent in the relevant Obligation Currency or, if no such amount is specified in the relevant Pricing Supplement, USD10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

"**Deliver**" means to deliver, novate, transfer (including, in the case of a Guarantee, transfer of the benefit of the Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title (or, with respect to Deliverable Obligations where only equitable title is customarily conveyed, all equitable title) and interest in the Entitlement to the relevant Noteholder free and clear of any and all liens, charges, claims or encumbrances (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 out in (a) to (d) in the definition of "Credit Event" above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor) provided that (i) if all or a portion of the Entitlement consists of Direct Loan Participations, "**Deliver**" means to create (or procure the creation of) a participation in favour of the relevant Noteholder and (ii) if a Deliverable Obligation is a Guarantee, "**Deliver**" means to Deliver both the Underlying Obligation and the Guarantee, provided further that if the Guarantee has a Fixed Cap, "**Deliver**" means to Deliver the Underlying Obligation, the Guarantee and all claims to any amounts which are subject to such Fixed Cap. "**Delivery**" and "**Delivered**" will be construed accordingly. In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time.

If Asset Package Delivery applies, (i) Delivery of a Prior Deliverable Obligation or a Package Observable Bond specified in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable, may be satisfied by Delivery of the related Asset Package, and such Asset Package shall be treated as having the same currency, Outstanding Principal Balance or Due and Payable Amount, as applicable, as the Prior Deliverable Obligation or Package Observable Bond to which it corresponds had immediately prior to the Asset Package Credit Event, (ii) the preceding paragraph above shall be deemed to apply to each Asset in the Asset Package provided that if any such Asset is not a Bond, it shall be treated as if it were a Loan for these purposes, (iii) if the Asset Package is zero, the Outstanding Amount of the Prior Deliverable Obligation or Package Observable Bond shall be deemed to have been Delivered in full three Business Days following the date on which the Issuer has notified the Noteholders in accordance with Credit Linked Condition 4 of the detailed description of the Asset Package that it intends to Deliver, (iv) the Issuer may satisfy its obligation to make Delivery of the Prior Deliverable Obligation or Package Observable Bond in part by Delivery of each Asset in the Asset Package in the correct proportion and (v) if the relevant Asset is a Non-Transferable Instrument or Non-Financial Instrument, the Asset shall be deemed to be an amount of cash equal to the Asset Market Value and the term Asset Package shall be construed accordingly.

"**Deliverable Obligation**" means:

- (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the method described in "(i) Method for Determining Deliverable Obligations" below;
- (b) the Reference Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Reference Entity which is a Sovereign, and unless Asset Package Delivery is applicable, any Sovereign Restructured Deliverable Obligation;
- (d) if Asset Package Delivery is applicable, (i) if Financial Reference Entity Terms is specified as applicable in the relevant Pricing Supplement, any Prior Deliverable Obligation, or (ii) if the Reference Entity is a Sovereign, any Package Observable Bond; and

- (e) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) received by the Issuer and/or any of its Affiliates in relation to the settlement of any credit derivative Hedging Arrangements in connection with the relevant Credit Event,

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

- (i) *Method for Determining Deliverable Obligations.* For the purposes of this definition of "Deliverable Obligation", the term "Deliverable Obligation" may be defined as each obligation of the Reference Entity described by the Deliverable Obligation Category specified in the relevant Pricing Supplement, and, subject to paragraph (ii) (*Interpretation of Provisions*) below, having each of, the Deliverable Obligation Characteristics, if any, specified in the relevant Pricing Supplement, in each case, as of each such date the Calculation Agent determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, both the PSN Effective Date and the Delivery Date (unless otherwise specified). The following terms shall have the following meanings:

- (A) **"Deliverable Obligation Category"** means one of Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan (each as defined in the definition of "Obligation" below, except that, for the purpose of determining Deliverable Obligations, the definition of "Reference Obligation Only" shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligation Only).

- (B) **"Deliverable Obligation Characteristics"** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of "Obligation" below), Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer;

- (1) **"Assignable Loan"** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if the Reference Entity is guaranteeing such Loan) or any agent;

- (2) **"Consent Required Loan"** means a Loan that is capable of being assigned or novated with the consent of the Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant



borrower if the Reference Entity is guaranteeing such loan) or any agent;

- (3) "**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 is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);
- (4) "**Transferable**" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions:
- I contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S 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);
  - II restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or
  - III restrictions in respect of blocked periods on or around payment dates or voting periods;
- (5) "**Maximum Maturity**" means an obligation that has a remaining maturity of not greater than the period specified in the relevant Pricing Supplement (or if no such period is specified, thirty years);
- (6) "**Accelerated or Matured**" means an obligation under which the principal amount owed, whether

by reason of maturity, acceleration, termination or otherwise, is due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and

- (7) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream International or any other internationally recognised clearing system.

(ii) *Interpretation of Provisions*

- (A) If either of the Obligation Characteristics "Listed" or "Not Domestic Issuance" is specified in the relevant Pricing Supplement, the relevant Pricing Supplement shall be construed as though the relevant Obligation Characteristic had been specified as an Obligation Characteristic only with respect to Bonds.
- (B) If (i) any of the Deliverable Obligation Characteristics "Listed", "Not Domestic Issuance" or "Not Bearer" is specified in the relevant Pricing Supplement, the relevant 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) the Deliverable Obligation Characteristic "Transferable" is specified in the relevant Pricing Supplement, the relevant 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; or (iii) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the relevant Pricing Supplement, the relevant Pricing Supplement shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans.
- (C) If more than one of "Assignable Loan", "Consent Required Loan" and "Direct Loan Participation" are specified as Deliverable Obligation Characteristics in the relevant 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.
- (D) If an Obligation or a Deliverable Obligation is a Relevant Guarantee, the following will apply:
- (1) 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;

- (2) for purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Relevant Guarantee and the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the relevant Pricing Supplement from the following list: "Not Subordinated", "Specified Currency", "Not Sovereign Lender", "Not Domestic Currency" and "Not Domestic Law";
- (3) 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 relevant 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"; and
- (4) 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.
- (5) 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.
- (6) If "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the relevant 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.

- (7) For purposes of determining the applicability of Deliverable Obligation Characteristics 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.
- (8) If "Subordinated European Insurance Terms" is specified as applicable in the relevant 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.

For the avoidance of doubt the provisions of this paragraph (ii) apply in respect of the definitions of Obligation and Deliverable Obligation as the context admits.

**"Deliverable Obligation Provisions"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

**"Deliverable Obligation Terms"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

**"Delivery Agent"** has the meaning give to that term in Credit Linked Condition 4.

**"Delivery Date"** means, with respect to a Deliverable Obligation or an Asset Package, the date such Deliverable Obligation is Delivered (or deemed to be Delivered pursuant to the definition of "Deliver" above).

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

**"Domestic Law"** means each of the laws of (a) the Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organised, if such Reference Entity is not a Sovereign.

**"Downstream Affiliate"** means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than fifty per cent.- owned, directly or indirectly, by the Reference Entity. As used herein, "Voting Shares" means the shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**"Due and Payable Amount"** means the amount that is due and payable by the Reference Entity under the obligation whether by reason of maturity, acceleration, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar

amounts) less all or any portion of such amount which, pursuant to the terms of the obligation (a) is subject to any Prohibited Action, or (b) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (i) payment or (ii) a Permitted Contingency), in each case, determined in accordance with the terms of the obligation in effect on either (A) the relevant PSN Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date), or (B) the relevant Valuation Date, as applicable.

**"Eligible Information"** means information which is publicly available or which can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

**"Eligible Transferee"** means:

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

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

- (b) an Affiliate of an entity specified in sub-paragraph (a);
- (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
  - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (A) has total assets of at least US\$100 million or (B) is one of a group of investment vehicles under common control or management having, in aggregate, total assets of at least US\$100 million; or
  - (ii) that has total assets of at least US\$500 million; or
  - (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support, or other agreement by an entity described in sub-paragraphs (a), (b), (c)(i) or (d); or
- (d) any Sovereign; or
- (e) any entity or 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.

All references in this definition to US\$ include equivalent amounts in other currencies in each case as determined by the Calculation Agent.

**"Entitlement"** means Deliverable Obligations, as selected by the Calculation Agent, with:

- (a) in the case of Deliverable Obligations that are Borrowed Money, an Outstanding Principal Balance; or
- (b) in the case of Deliverable Obligations that are not Borrowed Money, a Due and Payable Amount,

(or, in the case of either (a) or (b), the equivalent Currency Amount of any such amount), in an aggregate amount as of the relevant Delivery Date equal to the Calculation Amount; less

- (i) if Unwind Costs are specified as applying in the relevant Pricing Supplement, Deliverable Obligations with a market value determined by the Calculation Agent on the Business Day selected by the Calculation Agent falling during the period from and including the Credit Event Determination Date to and including the Delivery Date equal to Unwind Costs; and
- (ii) to the extent that the Issuer in its sole and absolute discretion determines that it is not satisfied that any Expenses have been or will be paid in full by the relevant Noteholder on or prior to the relevant Credit Settlement Date, an amount of Deliverable Obligations with a market value determined by the Calculation Agent at the time of calculation of the Entitlement in aggregate at least equal to such Expenses.

**"Excluded Deliverable Obligation"** means:

- (a) any obligation of a Reference Entity specified as such or of a type described in the relevant 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 a Reference Entity specified as such or of a type described in the relevant Pricing Supplement;
- (b) if "Financial Reference Entity Terms" is specified as applicable in the relevant Pricing Supplement and (i) the relevant Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (ii) there is no Reference Obligation or Prior Reference Obligation, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Subordinated Obligation; and
- (c) if "Financial Reference Entity Terms" is specified as applicable in the relevant Pricing Supplement and the relevant Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Further Subordinated Obligation.

**"Excluded Valuation Obligation"** means:

- (a) any obligation of a Reference Entity specified as such or of a type described in the relevant 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.

**"Exercise Cut-off Date"** means either:

- (a) with respect to an M(M)R Restructuring and any Note (x) to which paragraph (a) of the definition of Credit Event Determination Date above applies or (y) to which Credit Linked Condition 2(a)(ii) 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 fourteen calendar days following the relevant No Auction Announcement Date; or
- (b) with respect to a Credit Event where paragraph (a) of the definition of Credit Event Determination Date does not apply, unless paragraph (a)(y) above applies, the relevant Non-Standard Exercise Cut-off Date,

or, in each case, such other date as the relevant Credit Derivatives Determinations Committee Resolves.

**"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 or attempted Delivery of the Entitlement in respect of a Note and any related receipt of or attempt to receive the Deliverable Obligations that comprise or would or may comprise the Entitlement, as applicable, by the Issuer and/or its Affiliates, as applicable, under any Hedging Arrangements.

**"Extension Date"** means the latest of:

- (a) the Scheduled Maturity Date (for the purposes of this definition of Extension Date, the **"Scheduled Termination Date"**);
- (b) the Grace Period Extension Date if (i) "Failure to Pay" and "Grace Period Extension" are specified as applying in the relevant Pricing Supplement, and (ii) the Potential Failure to Pay with respect to the relevant Failure to Pay occurs on or prior to the Scheduled Termination Date; and
- (c) the Repudiation/Moratorium Evaluation Date (if any) if "Repudiation/Moratorium" is specified as applicable in the relevant Pricing Supplement, as applicable.

**"Failure to Pay"** means after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure provided that, if an occurrence that would

constitute a Failure to Pay (a) is a result of a redenomination that occurs as a result of action taken by a Governmental Authority which is of general application in the jurisdiction of such Governmental Authority and (b) a freely available market rate of conversion existed at the time of the redenomination, then such occurrence will be deemed not to constitute a Failure to Pay unless the redenomination itself constituted a reduction in the rate or amount of interest, principal or premium payable (as determined by reference to such freely available market rate of conversion) at the time of such redenomination.

**"Fallback Settlement Method"** means Cash Settlement.

**"Final List"** has the meaning given in the DC Rules.

**"Final Price"** means:

- (a) if there is more than one Valuation Obligation, the weighted average of the prices of each such Valuation Obligation, each expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount, as applicable; or
- (b) otherwise, the price of the relevant Valuation Obligation, expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount, as applicable,

in either case determined in accordance with the Valuation Method specified in the relevant Pricing Supplement or, where applicable, Credit Linked Condition 11.

Notwithstanding the foregoing and anything to the contrary herein (including, without limitation, that the Settlement Method is not Physical Delivery), if Asset Package Delivery is applicable and a Prior Deliverable Obligation or a Package Observable Bond is specified in the Valuation Obligation Notification, (i) the related Asset Package may be treated as the Valuation Obligation in lieu of such Prior Deliverable Obligation or Package Observable Bond, 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) if such Asset Package is zero, its price shall be deemed to be zero per cent. on the relevant Valuation Date and (iii) if the Calculation Agent determines in its sole and absolute discretion that a price cannot reasonably be determined in accordance with the Valuation Method, then the price of the Asset Package will be calculated by the Calculation Agent in its sole and absolute discretion as equal to the fair market value of the Asset Package, expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount, as applicable.

The Calculation Agent shall make available for inspection by Noteholders on request (i) each Quotation for a Valuation Date that it receives in connection with the calculation of the Final Price and (ii) a written computation showing its calculation of the Final Price.

**"Fixed Cap"** means, with respect to a Guarantee, a specified numerical limit or cap on the liability of the Reference Entity in respect of some or all payments due under the Underlying Obligation, provided that a Fixed Cap shall exclude a limit or cap determined by reference to a formula with one or more variable inputs (and for these purposes, the outstanding principal or other amounts payable pursuant to the Underlying Obligation shall not be considered to be variable inputs).

**"Full Quotation"** means, in accordance with the Quotation Method each firm quotation obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Valuation Obligation with an Outstanding Principal Balance or Due and Payable Amount equal to the Quotation Amount.



**"Fully Transferable Obligation"** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required in the case of any Deliverable Obligation other than Bonds, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, both the PSN 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 as a requirement for consent for purposes of this definition of "Fully Transferable Obligation".

**"Further Subordinated Obligation"** means, in respect of a Reference Entity, if the relevant Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, any obligation which is Subordinated thereto.

**"Governmental Authority"** means:

- (a) any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof);
- (b) any court, tribunal, administrative or other governmental, inter-governmental or supranational body;
- (c) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including a central bank) of the Reference Entity or some or all of its obligations; or
- (d) any other authority which is analogous to any of the entities specified in paragraphs (a) to (c) above.

**"Governmental Intervention"** means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs as a result of action taken or an announcement made by a Governmental Authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulation), in each case, applicable to the Reference Entity in a form which is binding, irrespective of whether such event is expressly provided for under the terms of such Obligation:

- (a) any event which would affect creditors' rights so as to cause:
  - (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
  - (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
  - (iii) a postponement or other deferral of a date or dates for either (I) the payment or accrual of interest, or (II) the payment of principal or premium; or
  - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation;
- (b) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Obligation;

- (c) a mandatory cancellation, conversion or exchange; or
- (d) any event which has an analogous effect to any of the events specified in paragraphs (a) to (c).

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

**"Grace Period"** means:

- (a) subject to paragraphs (b) and (c) below, the applicable grace period with respect to payments under and in accordance with the terms of the relevant Obligation in effect as of the date as of which such Obligation is issued or incurred;
- (b) if "Grace Period Extension" is specified as applying in the relevant Pricing Supplement, 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 will be deemed to be the lesser of such grace period and the period specified as such in the relevant Pricing Supplement or, if no period is specified in the relevant Pricing Supplement, thirty (30) calendar days; and
- (c) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified as applying in the relevant 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 and if a place or places are not so specified (a) if the Obligation Currency is the euro, a day on which the TARGET2 System is open, or (b) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the Obligation Currency.

**"Grace Period Extension Date"** means, if:

- (a) "Grace Period Extension" is specified as applying in the relevant Pricing Supplement; and
- (b) a Potential Failure to Pay occurs on or prior to the Scheduled Maturity Date,

the date falling the number of days in the Grace Period after the date of such Potential Failure to Pay. If "Grace Period Extension" is not specified as applicable in the relevant Pricing Supplement, Grace Period Extension shall not apply.

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

**"Hedging Arrangements"** means any Representative Auction-Settled Transaction (the **"Hedging Representative Auction-Settled Transaction"**) that is to be entered into by the Issuer and/or any of its Affiliates or agents pursuant to the Transaction Auction Settlement Terms (if any) relating to any relevant Credit Event (the **"Hedging Transaction Auction"**

**Settlement Terms**") in order that the Issuer may satisfy any of its physical delivery obligations under the Credit Linked Notes, and (without duplication) any underlying or related transaction(s), swap(s), asset(s), financing or other arrangement(s) or trading position(s) the Issuer and/or any of its Affiliates or agents may enter into or hold from time to time (including, if applicable, on a portfolio basis) to hedge directly or indirectly and whether in whole or in part the credit or other price risk or funding of the Issuer issuing and performing its obligations with respect to the Credit Linked Notes and, as applicable, any Additional Note Issuance.

**"Hedging Auction"** means the "Auction" as such term shall be defined in the relevant Hedging Transaction Auction Settlement Terms.

**"Hedging Auction Final Price"** shall have the meaning as shall be set forth in the relevant Hedging Transaction Auction Settlement Terms.

**"Hedge Disruption Event"** means in the opinion of the Calculation Agent any event as a result of which the Issuer and/or any of its Affiliates has not received the relevant Deliverable Obligations under the terms of the Hedging Arrangements (if any).

**"Hedge Disruption Obligation"** means a Deliverable Obligation included in the Entitlement which, on the Credit Settlement Date for such Deliverable Obligation, the Calculation Agent determines cannot be Delivered as a result of a Hedge Disruption Event.

**"Interest Adjusted Credit Outstanding Nominal Amount"** has the meaning given to that term in Credit Linked Condition 5.

**"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 Entitlement.

**"ISDA"** means the International Swaps and Derivatives Association, Inc.

**"Largest Asset Package"** means, in respect of a Prior Deliverable Obligation or a Package Observable Bond, as the case may be, the package of Assets for which the greatest amount of principal has been or will be exchanged or converted (including by way of amendment), as determined by the Calculation Agent by reference to Eligible Information. If this cannot be determined, the Largest Asset Package will be the package of Assets with the highest immediately realizable value, determined by the Calculation Agent in accordance with the methodology, if any, determined by the relevant Credit Derivatives Determinations Committee or, if none, as determined by the Calculation Agent in its sole and absolute discretion by reference to such source(s) as it determines appropriate.

**"Latest Maturity Restructured Bond or Loan"** has the meaning given to that term in the definition of "Restructuring Maturity Limitation Date".

**"Leveraged Credit Linked Notes"** means Single Reference Entity Credit Linked Notes indicated as such in the relevant Pricing Supplement, where the terms of the Notes include leverage.

**"Limitation Date"** means the first of 20 March, 20 June, 20 September or 20 December in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the "**2.5-year Limitation Date**"), 5 years, 7.5 years, 10 years (the "**10-year Limitation Date**"), 12.5 years, 15 years, or 20 years, as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention.

**"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 relevant Pricing Supplement.

**"Mark to Market Swap Value"** has the meaning given to that term in Credit Linked Condition 13.

**"Market Value"** means, with respect to the Valuation Obligation on a Valuation Date:

- (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;
- (d) if fewer than two Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject as provided in the definition of Quotation, an amount the Calculation Agent shall determine on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and
- (f) if two or more Full Quotations or a Weighted Average Quotation are not obtained on or prior to the tenth Business Day following the applicable Valuation Date the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Valuation Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

**"Minimum Quotation Amount"** means the amount specified as such in the relevant Pricing Supplement (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) USD1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

**"Modified Eligible Transferee"** means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

**"Modified Restructuring Maturity Limitation Date"** means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the 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, with respect to an M(M)R Restructuring for which a No Auction Announcement Date has occurred pursuant to paragraph (b) or (c)(ii) of the definition of No Auction Announcement Date, the option of the Issuer in its sole and absolute discretion to apply to the Credit Linked Notes, for purposes of settlement, the Parallel Auction Settlement Terms, if any, for purposes of which the Permissible Deliverable Obligations are more limited than the Deliverable Obligations that could apply in respect of the Reference Transaction (provided that if more than one such set of Parallel Auction Settlement Terms are published, the Parallel Auction Settlement Terms specifying the greatest number of such Permissible Deliverable Obligations shall apply). If no Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, the Credit Linked Notes will be settled in accordance with the Fallback Settlement Method. If a Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, such event will be notified to Noteholders in accordance with Condition 14 (*Notices*). For the avoidance of doubt any failure to provide such a notice to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the foregoing provisions.

**"Movement Option Cut-off Date"** means the date that is one Relevant City Business Day following the Exercise Cut-off Date, or such other date as the relevant Credit Derivatives Determinations Committee has Resolved.

**"Next Currency Fixing Time"** means 4:00 p.m. (London time) on such London Business Day as the Calculation Agent shall select falling no more than five (5) London Business Days immediately preceding the date on which the Notice of Physical Settlement or relevant Physical Settlement Amendment Notice or relevant Partial Cash Settlement Notice, as applicable, is effective. For the purposes of determining the Next Currency Fixing Time, **"London Business Day"** means a day on which banks and foreign exchange markets are generally open to settle payments in London.

**"No Auction Announcement Date"** means, with respect to a Credit Event, the date on which the DC Secretary first publicly announces that:

- (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published;
- (b) following the occurrence of an M(M)R Restructuring no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published; or
- (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by the DC Secretary to the contrary, in circumstances where either:
  - (i) no Parallel Auction will be held; or
  - (ii) one or more Parallel Auctions will be held.

**"Non-Conforming Reference Obligation"** means a Reference Obligation which is not a Conforming Reference Obligation.

**"Non-Conforming Substitute Reference Obligation"** means an obligation which would be a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above on the Substitution Date but for one or more of the same reasons which resulted in the Reference Obligation constituting a Non-Conforming Reference Obligation

on the date it was issued or incurred and/or immediately prior to the Substitution Event Date (as applicable).

**"Non-Financial Instrument"** means any Asset which is not of the type typically traded in, or suitable for being traded in, financial markets.

**"Non-Standard Credit Event Determination Date"** means with respect to a Credit Event:

- (a) subject to paragraph (b) of this definition, the Notice Delivery Date, if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, provided that neither (i) a DC Credit Event Announcement has occurred nor (ii) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or
- (b) notwithstanding paragraph (a) of this definition, if a DC Credit Event Announcement has occurred and the Credit Event Resolution Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) either:
  - (i) the Credit Event Resolution Request Date, if either:
    - (A) (1) "Auction Settlement" is not the applicable Settlement Method;
    - (2) the relevant Credit Event is not an M(M)R Restructuring; and
    - (3) the Trade Date occurs on or prior to the date of the DC Credit Event Announcement; or
    - (B) (1) the relevant Credit Event is an M(M)R Restructuring; and
    - (2) a Credit Event Notice is delivered and is effective on or prior to the fifth Business Day following the Non-Standard Exercise Cut-off Date, or
  - (ii) the first date on which a Credit Event Notice is delivered and is effective during either the Notice Delivery Period or the period from and including the date of the DC Credit Event Announcement to and including the fifth Business Day following the date that is fourteen calendar days thereafter (provided, in each case, that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)), if either:
    - (A) (1) "Auction Settlement" is not the applicable Settlement Method;
    - (2) the relevant Credit Event is not an M(M)R Restructuring; and
    - (3) the Trade Date occurs following the date of the related DC Credit Event Announcement and on or prior to a DC Announcement Coverage Cut-off Date; or
    - (B) the Calculation Agent determines this is otherwise consistent with the Hedging Arrangements (if any at the relevant time),

provided that no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered (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 or (II) unless the Calculation Agent determines this is otherwise consistent with the Hedging Arrangements or, if none at the relevant time, (x) unless, and to the extent that, the Partial Redemption Amount specified in any such Credit Event Notice was less than the relevant Reference Entity Notional Amount or (y) unless the Deliverable Obligations set out on the Final List applicable to the Transaction Auction Settlement Terms are identical to the Permissible Deliverable Obligations.

**"Non-Standard Exercise Cut-off Date"** means, with respect to a Credit Event to which paragraph (a) of the definition of Credit Event Determination Date does not apply:

- (a) if such Credit Event is not an M(M)R Restructuring, either:
  - (i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;
  - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or
  - (iii) the date that is fourteen calendar days following the No Auction Announcement Date, if any, as applicable; or
- (b) if such Credit Event is an M(M)R Restructuring and:
  - (i) the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is five Relevant City Business Days following the date on which such Final List is published; or
  - (ii) otherwise, the date that is fourteen calendar days following the relevant No Auction Announcement Date.

**"Non-Standard Reference Obligation"** means, in respect of the Reference Entity, the Original Non-Standard Reference Obligation or if a Substitute Reference Obligation has been determined, the Substitute Reference Obligation.

**"Non-Transferable Instrument"** means any Asset which is not capable of being transferred to institutional investors, excluding due to market conditions.

**"Note Value"** has the meaning given to that term in Credit Linked Condition 13.

**"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 relevant Pricing Supplement, an effective Notice of Publicly Available Information, have been delivered by the Calculation Agent.

**"Notice Delivery Period"** means the period from and including the Trade Date to and including the fifth Business Day following the date that is fourteen (14) calendar days after the Extension Date.

"**Notice of Physical Settlement**" has the meaning given to that term in Credit Linked Condition 4.

"**Notice of Publicly Available Information**" means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If "Notice of Publicly Available Information" is specified as applicable in the relevant 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. A Notice of Publicly Available Information shall be subject to the requirements regarding notices in Credit Linked Condition 17.

"**Notice to Exercise Movement Option**" means, with respect to Notes for which (a) M(M)R Restructuring is applicable and (b) the Fallback Settlement Method would otherwise be applicable pursuant to the Auction Settlement provisions, a notice from the Issuer to the Calculation Agent that (i) specifies the Parallel Auction Settlement Terms applicable in accordance with the definition of Movement Option and (ii) is effective on or prior to the Movement Option Cut-off Date.

"**Number of Valuation Business Days**" means:

- (a) if Fixed Valuation Date is specified as applicable in the relevant Pricing Supplement, the number of Business Days specified therein (or, if the number of Business Days is not specified, five Business Days); or
- (b) otherwise, the number of Business Days selected by the Issuer.

"**Obligation**" means:

- (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the method described in "Method for Determining Obligations" below); and
- (b) the Reference Obligation,

in each case unless it is an Excluded Obligation.

"**Method for Determining Obligations**". For the purposes of paragraph (a) of this definition of "**Obligation**", the term "**Obligation**" may be defined as the obligation of each Reference Entity described by the Obligation Category specified in the relevant Pricing Supplement, and having each of the Obligation Characteristics (if any) specified in the relevant Pricing Supplement, in each case, immediately prior to the Credit Event which is the subject of either the Credit Event Notice or the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:

- (i) "**Obligation Category**" means Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the relevant Pricing Supplement, where:



- (a) "**Payment**" means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
  - (b) "**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);
  - (c) "**Reference Obligation Only**" means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligation Only;
  - (d) "**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;
  - (e) "**Loan**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
  - (f) "**Bond or Loan**" means any obligation that is either a Bond or a Loan.
- (ii) "**Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance specified in the relevant Pricing Supplement, where:
- (a) "**Not Subordinated**" means an obligation that is not Subordinated to (1) the Reference Obligation or, (2) the Prior Reference Obligation, if applicable;
  - (b) "**Subordination**" means, with respect to an obligation (the "**Second Obligation**") and another obligation of the Reference Entity to which such obligation is being compared (the "**First Obligation**"), a contractual, trust or other similar arrangement providing that (I) upon the liquidation, dissolution, reorganisation or winding-up of the Reference Entity, claims of the holders of the First Obligation are required to be satisfied prior to the claims of the holders of the Second Obligation or (II) the holders of the Second Obligation will not be entitled to receive or retain principal payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the First Obligation. "**Subordinated**" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, (x) the existence of preferred creditors

arising by operation of law or of collateral, credit support or other credit enhancement or security arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign and (y) in the case of the Reference Obligation or the Prior Reference Obligation, as applicable, the ranking in priority of payment shall be determined as of the date as of which it was issued or incurred (or in circumstances where the Reference Obligation or a Prior Reference Obligation is the Standard Reference Obligation and "Standard Reference Obligation" is applicable, then the priority of payment of the Reference Obligation or the Prior Reference Obligation, as applicable, shall be determined as of the date of selection) and, in each case, shall not reflect any change to such ranking in priority of payment after such date; and

- (c) "**Prior Reference Obligation**" means, in circumstances where there is no Reference Obligation applicable to the relevant Notes, (I) the Reference Obligation most recently applicable thereto, if any, and otherwise, (II) the obligation specified in the relevant 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;
- (d) "**Specified Currency**" means an obligation that is payable in the currency or currencies specified as such in the relevant Pricing Supplement (or, if Specified Currency is specified in the relevant 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;
- (e) "**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";
- (f) "**Not Domestic Currency**" means any obligation that is payable in any currency other than applicable Domestic Currency provided that a Standard Specified Currency shall not constitute the Domestic Currency;
- (g) "**Not Domestic Law**" means any obligation that is not governed by applicable Domestic Law, provided that the laws of England and the laws of the State of New York shall not constitute a Domestic Law;

- (h) **"Listed"** means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (i) **"Not Domestic Issuance"** means any obligation other than an obligation that was issued (or reissued, as the case may be) or intended to be offered for sale primarily in the domestic market of the Reference Entity. Any obligation that is registered or, as a result of some other action having been taken for such purpose, is qualified for sale outside the domestic market of the Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the Reference Entity) shall be deemed not to be issued (or reissued, as the case may be), or intended to be offered for sale primarily in the domestic market of the Reference Entity.

**"Obligation Acceleration"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event or default or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

**"Obligation Currency"** means the currency or currencies in which the Obligation is denominated.

**"Obligation Default"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default, or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

**"Original Non-Standard Reference Obligation"** means the obligation of the Reference Entity (either directly or as provider of a guarantee) which is specified as the Reference Obligation in respect of such Reference Entity in the relevant Pricing Supplement (if any is so specified) provided that if an obligation is not an obligation of the Reference Entity, such obligation will not constitute a valid Original Non-Standard Reference Obligation for purposes of the relevant Notes (other than for the purposes of determining the Seniority Level and for the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) unless the relevant Notes are Reference Obligation Only Notes.

**"Outstanding Amount"** means, in respect of a Prior Deliverable Obligation or Package Observable Bond, the Outstanding Principal Balance or Due and Payable Amount, as applicable, or the equivalent amount in the Credit Settlement Currency as specified in the relevant Notice of Physical Settlement or, as applicable, the Quotation Amount specified in the relevant Valuation Obligation Notification.

**"Outstanding Principal Balance"** means the outstanding principal balance of an obligation which will be calculated as follows:

- (a) first, by determining, in respect of the obligation, the amount of the Reference Entity's principal payment obligations and, where applicable in accordance with the definition of Accrued Interest above, the Reference Entity's accrued but unpaid interest payment obligations (which, in the case of a Guarantee will be the lower of (i) the Outstanding Principal Balance (including accrued but unpaid interest, where applicable) of the

Underlying Obligation (determined as if references to the Reference Entity were references to the Underlying Obligor) and (ii) the amount of the Fixed Cap, if any);

- (b) second, by subtracting all or any portion of such amount which, pursuant to the terms of the obligation, (i) is subject to any Prohibited Action, or (ii) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (A) payment or (B) a Permitted Contingency) (the amount determined in accordance with paragraph (a) above less any amounts subtracted in accordance with this paragraph (b), the "**Non-Contingent Amount**"); and
- (c) third, by determining the Quantum of the Claim, which shall then constitute the Outstanding Principal Balance,

in each case, determined:

- (i) unless otherwise specified, in accordance with the terms of the obligation in effect on either (A) the relevant PSN Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date), or (B) the relevant Valuation Date; and
- (ii) with respect to the Quantum of the Claim only, in accordance with any applicable laws (insofar as such laws reduce or discount the size of the claim to reflect the original issue price or accrued value of the obligation).

**"Package Observable Bond"** means, in respect of a Reference Entity which is a Sovereign, any obligation (a) which is identified as such and published by ISDA on its website at [www.isda.org](http://www.isda.org) from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time and (b) which fell within paragraphs (a) or (b) of the definition of Deliverable Obligation (above) or, as applicable, Valuation Obligation (below), in each case, immediately preceding the date on which the relevant Asset Package Credit Event was legally effective.

**"Parallel Auction"** means "Auction" as such term shall be defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Cancellation Date"** means "Auction Cancellation Date" as such term shall be defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Settlement Terms"** means, following the occurrence of an M(M)R Restructuring, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such M(M)R Restructuring, and for which (i) the Deliverable Obligation Terms are the same as the Reference Transaction and (ii) the Reference Transaction would not be an Auction Covered Transaction provided that if no such Credit Derivatives Auction Settlement Terms are published, the Calculation Agent may select in its sole discretion the applicable Credit Derivatives Auction Settlement Terms.

**"Parallel Notice of Physical Settlement Date"** means "Notice of Physical Settlement Date" as defined in the relevant Parallel Auction Settlement Terms.

**"Payment Requirement"** means the amount specified as such in the relevant Pricing Supplement or its equivalent in the relevant Obligation Currency or, if no such amount is specified in the relevant Pricing Supplement, USD1,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**"Permissible Deliverable Obligations"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included in the Final List pursuant to the Deliverable Obligation Terms applicable to the relevant Auction.

**"Permitted Contingency"** means, with respect to an obligation, any reduction to the Reference Entity's payment obligations:

- (a) as a result of the application of:
  - (i) any provisions allowing a transfer, pursuant to which another party may assume all of the payment obligations of the Reference Entity;
  - (ii) provisions implementing the Subordination of the obligation;
  - (iii) provisions allowing for a Permitted Transfer in the case of a Qualifying Guarantee (or provisions allowing for the release of the Reference Entity from its payment obligations in the case of any other Guarantee);
  - (iv) if "Subordinated European Insurance Terms" are specified as applicable in the relevant Pricing Supplement, any Solvency Capital Provisions; or
  - (v) if "Financial Reference Entity Terms" are specified as applicable in the relevant Pricing Supplement, provisions which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention; or
- (b) which is within the control of the holders of the obligation or a third party acting on their behalf (such as an agent or trustee) in exercising their rights under or in respect of such obligation.

**"Permitted Transfer"** means, with respect to a Qualifying Guarantee, a transfer to and the assumption by any single transferee of such Qualifying Guarantee (including by way of cancellation and execution of a new guarantee) on the same or substantially the same terms, in circumstances where there is also a transfer of all (or substantially all) of the assets of the Reference Entity to the same single transferee.

**"Physical Settlement Amendment Notice"** has the meaning given to that term in Credit Linked Condition 4.

**"Physical Settlement Period"** means, subject to Credit Linked Condition 12, the number of Business Days specified as such in the relevant Pricing Supplement or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation comprising the Entitlement, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent provided that if the Issuer has notified the Noteholders in accordance with Credit Linked Condition 4 that it will Deliver an Asset Package in lieu of a Prior Deliverable Obligation or a Package Observable Bond, the Physical Settlement Period shall be 35 Business Days.

**"Post Dismissal Additional Period"** means the period from and including the date of the DC Credit Event Question Dismissal to and including the date that is five Business Days following the fourteenth calendar day 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)).

**"Postponed Cut-off Date"** has the meaning given to that term in Credit Linked Condition 10.

**"Postponed Maturity Date"** has the meaning given to that term in Credit Linked Condition 10.

**"Potential Credit Event"** means a Potential Failure to Pay (if Failure to Pay is an applicable Credit Event in respect of the Reference Entity), a Potential Repudiation/Moratorium (if Repudiation/Moratorium is an applicable Credit Event in respect of the Reference Entity) or if a Credit Event Resolution Request Date has occurred and the relevant Credit Derivatives Determinations Committee has not made its determination, such event will be deemed to be a Potential Credit Event. A Credit Derivatives Determinations Committee and the Calculation Agent may each determine whether a Potential Failure to Pay or a Potential Repudiation/Moratorium has occurred.

**"Potential Failure to Pay"** means the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations.

**"Potential Repudiation/Moratorium"** means the occurrence of an event described in paragraph (a) of the definition of Repudiation/Moratorium.

**"Principal Increase Amount"** has the meaning given to that term in Credit Linked Condition 13.

**"Principal Shortfall Redemption"** has the meaning given to that term in Credit Linked Condition 13.

**"Prior Deliverable Obligation"** means:

- (a) if a Governmental Intervention has occurred (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), any obligation of the Reference Entity which (i) existed immediately prior to such Governmental Intervention, (ii) was the subject of such Governmental Intervention and (iii) fell within paragraphs (a) or (b) of the definition of Deliverable Obligation above or, as applicable, Valuation Obligation below, 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.

**"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 (a) to (d) of the definition of Credit Event above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor.

**"PSN Cut-off Date"** means subject, where applicable, to Credit Linked Condition 14, the later of:

- (a) the later of:
- (i) the thirtieth calendar day after the Credit Event Determination Date; and
  - (ii) the tenth calendar day after either the date of the relevant DC Credit Event Announcement or of the relevant DC Credit Event Question Dismissal, if any (or, if the relevant Credit Event is an M(M)R Restructuring, the tenth calendar day after the Non-Standard Exercise Cut-off Date),
- provided that in the case of paragraph (ii) above, the relevant Credit Event Resolution Request Date, if any, occurred on or prior to the date described in paragraph (i) above; and
- (b) the fifth Business Day after the date on which the Notice of Physical Settlement is required to be delivered under the relevant Hedging Representative Auction-Settled Transaction (if any).

**"PSN Effective Date"** means the date on which an effective Notice of Physical Settlement or Physical Settlement Amendment Notice, as the case may be, is delivered by the Issuer in accordance with Credit Linked Condition 4.

**"Public Source"** means each source of Publicly Available Information specified as such in the relevant Pricing Supplement (or if no such source is specified in the relevant 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, The Australian Financial Review and Debtwire (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

**"Publicly Available Information"** means information that reasonably confirms any of the facts relevant to the determination that the Credit Event or a Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice have occurred and which:

- (a) has been published in or on not less than the Specified Number of Public Sources (regardless of whether the reader or user thereof pays a fee to obtain such information);
- (b) is information received from or published by (i) the Reference Entity (or, if the Reference Entity is a Sovereign, any agency, instrumentality, ministry, department or other authority thereof acting in a governmental capacity (including, without limiting the foregoing, the central bank) of such Sovereign) or (ii) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or
- (c) is information contained in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body;

provided that where any information of the type described in paragraphs (b) or (c) above is not publicly available, it can only constitute Publicly Available Information if it can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

In relation to any information of the type described in paragraphs (b) or (c) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information and that the entity disclosing such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information.

- (d) Without limitation, Publicly Available Information need not state:
  - (i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned by the Reference Entity; and
  - (ii) that the relevant occurrence:
    - (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.

In relation to a Repudiation/Moratorium Credit Event, Publicly Available Information must relate to the events described in paragraphs (a) and (b) of the definition of Repudiation/Moratorium below.

**"Qualifying Affiliate Guarantee"** means a Qualifying Guarantee provided by the Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of the Reference Entity.

**"Qualifying Guarantee"** means a guarantee evidenced by a written instrument (which may include a statute or regulation), pursuant to which the Reference Entity irrevocably agrees, undertakes or is otherwise obliged to pay all amounts of principal and interest (except for amounts which are not covered due to the existence of a Fixed Cap) due under an Underlying Obligation for which the Underlying Obligor is the obligor, by guarantee of payment and not by guarantee of collection (or, in either case, any legal arrangement which is equivalent thereto in form under the relevant governing law).

A Qualifying Guarantee shall not include any guarantee:

- (a) which is structured as a surety bond, financial guarantee insurance policy or letter of credit (or any legal arrangement which is equivalent thereto in form); or
- (b) pursuant to the terms applicable thereto, the principal payment obligations of the Reference Entity can be discharged, released, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance, in each case, other than:
  - (i) by payment;
  - (ii) by way of Permitted Transfer;
  - (iii) by operation of law;
  - (iv) due to the existence of a Fixed Cap; or



- (v) due to:
  - (A) provisions permitting or anticipating a Governmental Intervention, if "Financial Reference Entity Terms" is specified as applicable in the relevant Pricing Supplement; or
  - (B) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as applicable in the relevant 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 above in respect of the Reference Entity or the Underlying Obligor, then it shall be deemed for these purposes that such cessation or suspension is permanent, notwithstanding the terms of the guarantee or Underlying Obligation.

In order for a guarantee to constitute a Qualifying Guarantee:

- I. the benefit of such guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation; and
- II. if a guarantee contains a Fixed Cap, all claims to any amounts which are subject to such Fixed Cap must be capable of being Delivered together with the Delivery of such guarantee.

**"Qualifying Participation Seller"** means any participation seller that meets the requirements specified in the relevant Pricing Supplement. If no such requirements are specified, there shall be no Qualifying Participation Seller.

**"Quantum of the Claim"** means the lowest amount of the claim which could be validly asserted against the Reference Entity in respect of the Non-Contingent Amount if the obligation had become redeemable, been accelerated, terminated or had otherwise become due and payable at the time of the relevant determination, provided that the Quantum of the Claim cannot exceed the Non-Contingent Amount.

**"Quotation"** means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted

average of any firm quotations for the Valuation Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

**"Quotation Amount"** means:

- (a) the amount specified as such in the relevant Pricing Supplement (which may be specified by reference to an amount in a currency or by reference to a Representative Amount); or
- (b) if no amount is specified in the relevant Pricing Supplement, as specified in the Valuation Obligation Notification,

or, in each case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent by reference to exchange rates in effect at the time that the relevant Quotation is being obtained.

**"Quotation Dealer"** means a dealer in obligations of the type of Obligation(s) for which Quotations are to be obtained including each Quotation Dealer specified in the relevant Pricing Supplement. If no Quotation Dealers are specified in the relevant Pricing Supplement, the Calculation Agent shall select the Quotation Dealers. Upon a Quotation Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Quotation Dealer(s) for such Quotation Dealer(s).

**"Quotation Method"** means the applicable Quotation Method specified in the relevant Pricing Supplement by reference to one of the following terms:

- (a) **"Bid"** means that only bid quotations shall be requested from Quotation Dealers;
- (b) **"Offer"** means that only offer quotations shall be requested from Quotation Dealers; or
- (c) **"Mid-market"** means that bid and offer quotations shall be requested from Quotation Dealers and shall be averaged for purposes of determining a relevant Quotation Dealer's quotation.

If a Quotation Method is not specified in the relevant Pricing Supplement, Bid shall apply.

**"Reference Entity"** means the entity specified as such in the relevant Pricing Supplement. Any Successor to the Reference Entity either (a) identified pursuant to the definition of "Successor" on or following the Trade Date or (b) identified pursuant to a DC Resolution in respect of a Successor Resolution Request Date and publicly announced by the DC Secretary on or following the Trade Date shall, in each case, with effect from the Succession Date, be the Reference Entity for the purposes of the relevant Series.

**"Reference Entity Notional Amount"**, in respect of a Reference Entity, means the amount specified as such in the relevant Pricing Supplement (or, if no such amount is so specified, the Aggregate Principal Amount of the Notes as of the Issue Date divided by the number of Reference Entities), subject to adjustment as provided in "Successor" and pursuant to Credit Linked Condition 15 and as otherwise provided in these Credit Linked Conditions.

**"Reference Obligation"** means the Standard Reference Obligation, if any, unless:

- (a) "Standard Reference Obligation" is specified as not applicable in the relevant Pricing Supplement, in which case the Reference Obligation will be the Non-Standard Reference Obligation, if any; or
- (b) (i) "Standard Reference Obligation" is specified as applicable in the relevant Pricing Supplement (or no election is specified in the relevant Pricing Supplement), (ii) there is no Standard Reference Obligation and (iii) a Non-Standard Reference Obligation is specified in the relevant 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.

If the Standard Reference Obligation is removed from the SRO List, 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 such obligation is subsequently replaced on the SRO List, in which case, the new Standard Reference Obligation in respect of the Reference Entity shall constitute the Reference Obligation.

**"Reference Obligation Only Notes"** means any Notes in respect of which (a) "Reference Obligation Only" is specified as the Obligation Category and the Deliverable Obligation Category in the relevant Pricing Supplement and (b) "Standard Reference Obligation" is specified as not applicable in the relevant Pricing Supplement.

**"Reference Transaction"** means a hypothetical credit derivative transaction:

- (a) for which the Deliverable Obligation Terms, the Reference Obligation and (as applicable) the provisions for determining the Valuation Obligation(s) are (i) the same as in respect of the Credit Linked Notes (if such Deliverable Obligation Terms, Reference Obligation and Valuation Obligation terms are specified in the relevant Pricing Supplement) or (ii) if and to the extent the Deliverable Obligation Terms and/or the Reference Obligation and/or (as applicable) the Valuation Obligation terms are not specified, the Deliverable Obligation Terms, Reference Obligation and provisions for determining Valuation Obligation(s) determined by the Calculation Agent to be appropriate in respect of a credit derivative transaction linked to the relevant Reference Entity;
- (b) with a scheduled termination date matching the Scheduled Maturity Date of the Credit Linked Notes; and
- (c) otherwise having such other characteristics as the Calculation Agent may determine appropriate by reference to, without limitation, the Issuer's hedging arrangements (if any at the relevant time) and/or any credit derivative elections made in relation to the Credit Linked Notes.

**"Relevant City Business Day"** has the meaning given in the DC Rules.

**"Relevant Guarantee"** means a Qualifying Affiliate Guarantee or, if "All Guarantees" is specified as applicable in the relevant Pricing Supplement, a Qualifying Guarantee.

**"Relevant Holder"** means a holder of the latest Prior Deliverable Obligation or Package Observable Bond, as the case may be, with an Outstanding Principal Balance or Due and

Payable Amount, as applicable, immediately prior to the relevant Asset Package Credit Event, equal to the Outstanding Amount specified in respect of such Prior Deliverable Obligation or Package Observable Bond in the Notice of Physical Settlement or Physical Settlement Amendment Notice or Valuation Obligation Notification, as applicable.

**"Relevant Obligations"** means the Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" and which are outstanding immediately prior to the Succession Date (or, if there is a Steps Plan, immediately prior to the legally effective date of the first succession), provided that:

- (a) any Bonds or Loans outstanding between the Reference Entity and any of its Affiliates, or held by the Reference Entity, shall be excluded;
- (b) if there is a Steps Plan, the Calculation Agent shall, for purposes of the determination required to be made under paragraph (a) of the definition of Successor below, make the appropriate adjustments required to take account of any Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" that are issued, incurred, redeemed, repurchased or cancelled from and including the legally effective date of the first succession to and including the Succession Date;
- (c) if "Financial Reference Entity Terms" is specified as applicable in the relevant Pricing Supplement and (i) the Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (ii) there is no Reference Obligation or Prior Reference Obligation, the Relevant Obligations shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan"; and
- (d) if "Financial Reference Entity Terms" is specified as applicable in the relevant Pricing Supplement, and the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, Relevant Obligations shall exclude Senior Obligations and any Further Subordinated Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan", provided that if no such Relevant Obligations exist, "Relevant Obligations" shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan".

**"Replaced Deliverable Obligation Outstanding Amount"** has the meaning given to that term in Credit Linked Condition 4.

**"Replacement Deliverable Obligation"** has the meaning given to that term in Credit Linked Condition 4.

**"Representative Amount"** means an amount that is representative for a single transaction in the relevant market and at the relevant time, which amount will be determined by the Calculation Agent.

**"Representative Auction-Settled Transaction"** shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

**"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 (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is sixty (60) days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is sixty (60) days after the date of such Potential Repudiation/Moratorium provided that, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date unless the Repudiation/Moratorium Extension Condition is satisfied.

**"Repudiation/Moratorium Extension Condition"** will be satisfied:

- (a) if the DC Secretary publicly announces, pursuant to a valid request that was delivered and effectively received on or prior to the date that is fourteen (14) calendar days after the 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; or
- (b) otherwise, by the delivery by the Calculation Agent to the Issuer of a Repudiation/Moratorium Extension Notice and, unless "Notice of Publicly Available Information" is specified as not applicable in the relevant Pricing Supplement, a Notice of Publicly Available Information that are each effective on or prior to the fifth (5th) Business Day following the date that is fourteen (14) calendar days after the Scheduled Maturity Date.

In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or not capable of being satisfied, if, or to the extent that, the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium with respect to an Obligation of the Reference Entity, or (B) an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the Reference Entity but that such event occurred after the Scheduled Maturity Date.

**"Repudiation/Moratorium Extension Notice"** means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or prior to the 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 set out in the DC Rules, and "**Resolved**" and "**Resolves**" shall be construed accordingly.

"**Restructured Bond or Loan**" means an Obligation which is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

"**Restructuring**" means, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all the holders of the Obligation or is announced (or otherwise decreed) by the Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation (including, in each case, in respect of Bonds only, by way of an exchange), and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Credit Event Backstop Date applicable to the relevant Credit Linked Notes and the date as of which such Obligation is issued or incurred:

- (a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
- (b) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
- (c) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest, or (ii) the payment of principal or premium;
- (d) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (e) any change in the currency of any payment of interest, principal or premium to any currency other than the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

- (i) the payment in euro of interest, principal or premium in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (ii) the redenomination from euros into another currency, if (A) the redenomination occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority and (B) a freely available market rate of conversion between euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest, principal or premium payable, as determined by reference to such freely available market rate of conversion;

- (iii) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (iv) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity, provided that in respect of paragraph (e) above only, no such deterioration in the creditworthiness or financial condition of the Reference Entity is required where the redenomination is from euros into another currency and occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.

For purposes of this definition of Restructuring and Credit Linked Condition 16, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee. In the case of a Guarantee and an Underlying Obligation, references to the Reference Entity in the definition of Restructuring and the definition of Subordination shall be deemed to refer to the Underlying Obligor and the references to the Reference Entity in paragraphs (i) to (iv) of this definition of Restructuring shall continue to be deemed to refer to the Reference Entity.

If an exchange has occurred, the determination as to whether one of the events described under paragraphs (a) to (e) above has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange.

**"Restructuring Date"** means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**"Restructuring Maturity Limitation Date"** means with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a **"Latest Maturity Restructured Bond or Loan"**) and the 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. For these purposes, the final maturity date shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the final maturity date shall be deemed to be the date on which such determination is made.

**"Revised Currency Rate"** means, with respect to a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, the rate of conversion between the currency in which the Replaced Deliverable Obligation Outstanding Amount is denominated and the currency in which the Outstanding Principal Balance or Due and Payable Amount of such Replacement Deliverable Obligation is denominated that is determined either (a) by reference to the Currency Rate Source as at the Next Currency Fixing Time or (b) if such rate is not available at such time, by the Calculation Agent.

**"Scheduled Maturity Date"** has the meaning given to it in the relevant Pricing Supplement.

"**Seniority Level**" means, with respect to an obligation of the Reference Entity:

- (a) "Senior Level" or "Subordinated Level" as specified in the relevant Pricing Supplement, or
- (b) if no such seniority level is specified in the relevant 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 "Senior Level".

"**Senior Obligation**" means any obligation which is not Subordinated to any unsubordinated Borrowed Money obligation of the relevant Reference Entity.

"**Settlement Method**" means, subject as provided herein, if (a) Auction Settlement is specified as the applicable Settlement Method in the relevant Pricing Supplement, Auction Settlement or (b) Physical Delivery is specified as the applicable Settlement Method in the relevant Pricing Supplement, Physical Delivery.

"**Shortfall Amount**" has the meaning given to that term in Credit Linked Condition 5.

"**Single Reference Entity Credit Linked Notes**" means Credit Linked Notes indicated as such in the relevant Pricing Supplement, where the Issuer purchases credit protection from the Noteholders in respect of only one Reference Entity.

"**Solvency Capital Provisions**" means any terms in an obligation which permit the Reference Entity's payment obligations thereunder to be deferred, suspended, cancelled, converted, reduced or otherwise varied and which are necessary in order for the obligation to constitute capital resources of a particular tier.

"**Sovereign**" means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority acting in a governmental capacity (including without limiting the foregoing, the central bank) thereof.

"**Sovereign Restructured Deliverable Obligation**" means an Obligation of a Reference Entity which is a Sovereign (either directly or as provider of a Relevant Guarantee) (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice or DC Credit Event Announcement has occurred and (b) which fell within paragraph (a) of the definition of Deliverable Obligation above immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

"**Sovereign Restructured Valuation Obligation**" means an Obligation of a Reference Entity which is a Sovereign (either directly or as provider of a Relevant Guarantee) (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice or DC Credit Event Announcement has occurred and (b) which fell within paragraph (a) of the definition of Valuation Obligation below immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

"**Sovereign Succession Event**" means, with respect to a Reference Entity that is a Sovereign, an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or, other similar event.



"**Specified Number**" means the number of Public Source(s) specified in the relevant Pricing Supplement, or if no such number is specified in the relevant Pricing Supplement, two.

"**SRO List**" means the list of Standard Reference Obligations as published by ISDA on its website at [www.isda.org](http://www.isda.org) from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time.

"**Standard Reference Obligation**" means the obligation of the Reference Entity with the relevant Seniority Level which is specified from time to time on the SRO List.

"**Standard Specified Currency**" means each of the lawful currencies of Canada, Japan, Switzerland, France, Germany, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

"**Steps Plan**" means a plan evidenced by Eligible Information contemplating that there will be a series of successions to some or all of the Relevant Obligations of the Reference Entity, by one or more entities.

"**Subordinated Obligation**" means any obligation which is Subordinated to any unsubordinated Borrowed Money obligation of the relevant Reference Entity or which would be so Subordinated if any unsubordinated Borrowed Money obligation of that Reference Entity existed.

"**Substitute Reference Obligation**" means, with respect to a Non-Standard Reference Obligation to which a Substitution Event has occurred, the obligation that will replace the Non-Standard Reference Obligation, determined by the Calculation Agent as follows:

- (a) The Calculation Agent shall identify the Substitute Reference Obligation in accordance with paragraphs (c), (d) and (e) below to replace the Non-Standard Reference Obligation; provided that the Calculation Agent will not identify an obligation as the Substitute Reference Obligation if, at the time of the determination, such obligation has already been rejected as the Substitute Reference Obligation by the relevant Credit Derivatives Determinations Committee and such obligation has not changed materially since the date of the relevant DC Resolution.
- (b) If any of the events set forth under paragraphs (a) or (b)(ii) of the definition of Substitution Event have occurred with respect to the Non-Standard Reference Obligation, the Non-Standard Reference Obligation will cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic and paragraph (c)(ii)). If the event set forth in paragraph (b)(i) of the definition of Substitution Event below has occurred with respect to the Non-Standard Reference Obligation and no Substitute Reference Obligation is available, the Non-Standard Reference Obligation will continue to be the Reference Obligation until the Substitute Reference Obligation is identified or, if earlier, until any of the events set forth under paragraphs (a) or (b)(ii) of the definition of Substitution Event below occur with respect to such Non-Standard Reference Obligation.
- (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 paragraph (a) of the definition of Deliverable Obligation above; 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 paragraph (a) of the definition of Deliverable Obligation above;
- (B) if the Non-Standard Reference Obligation was a Bond (or any other Borrowed Money obligation other than a Loan) which was a Non-Conforming Reference Obligation when issued or incurred and/or immediately prior to the Substitution Event Date:
  - 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 paragraph (a) of the definition of Deliverable Obligation above; 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 paragraph (a) of the definition of Deliverable Obligation above; or
- (C) if the Non-Standard Reference Obligation was a Loan which was a Non-Conforming Reference Obligation when incurred and/or immediately prior to the Substitution Event Date:
  - 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 paragraph (a) of the definition of

Deliverable Obligation above; 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 paragraph (a) of the definition of Deliverable Obligation above.
- (d) If more than one potential Substitute Reference Obligation is identified pursuant to the process described in paragraph (c) above, the Substitute Reference Obligation will be the potential Substitute Reference Obligation that most closely preserves the economic equivalent of the delivery and payment obligations of the Issuer under the Notes as determined by the Calculation Agent. The Calculation Agent will notify the Noteholders in accordance with Condition 14 (*Notices*) of the Substitute Reference Obligation as soon as reasonably practicable after it has been identified in accordance with paragraph (c) above and the Substitute Reference Obligation shall replace the Non-Standard Reference Obligation. For the avoidance of doubt any failure to provide such a notice to the Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the foregoing provisions.
- (e) If a Substitution Event has occurred with respect to the Non-Standard Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for the Non-Standard Reference Obligation then, subject to paragraph (a) above and notwithstanding the fact that the Non-Standard Reference Obligation may have ceased to be the Reference Obligation in accordance with paragraph (b) above, the Calculation Agent shall continue to attempt to identify the Substitute Reference Obligation.
- (f) For the avoidance of doubt, no Substitute Reference Obligation shall be determined in respect of any Credit Linked Notes that are Reference Obligation Only Notes.

"**Substitution Date**" means, with respect to a Substitute Reference Obligation, the date on which the Calculation Agent notifies the Issuer of the Substitute Reference Obligation that it has identified in accordance with the definition of Substitute Reference Obligation above.

"**Substitution Event**" means, with respect to the Non-Standard Reference Obligation:

- (a) the Non-Standard Reference Obligation is redeemed in whole; or
- (b) provided that the Credit Linked Notes to which the Non-Standard Reference Obligation relates are not Reference Obligation Only Notes:
- (i) the aggregate amounts due under the Non-Standard Reference Obligation have been reduced by redemption or otherwise below USD 10,000,000 (or its equivalent in the relevant Obligation Currency, as determined by the Calculation Agent); or
- (ii) for any reason, other than due to the existence or occurrence of a Credit Event, the Non-Standard Reference Obligation is no longer an obligation of the Reference Entity (either directly or as provider of a guarantee).

For purposes of identification of the Non-Standard Reference Obligation, any change in the Non-Standard Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, constitute a Substitution Event. If an event described in paragraphs (a) or (b)(i)

above has occurred on or prior to the Trade Date, then a Substitution Event shall be deemed to have occurred pursuant to paragraphs (a) or (b)(i) above as the case may be, on the Trade Date.

**"Substitution Event Date"** means, with respect to the Reference Obligation, the date of the occurrence of the relevant Substitution Event.

**"Succession Date"** means the legally effective date of an event in which one or more entities succeed to some or all of the Relevant Obligations of the Reference Entity; provided that if at such time, there is a Steps Plan, the Succession Date will be the legally effective date of the final succession in respect of such Steps Plan, or if earlier (i) the date on which a determination pursuant to paragraph (a) of the definition of Successor below would not be affected by any further related successions in respect of such Steps Plan, or (ii) the occurrence of a Credit Event Determination Date in respect of the Reference Entity or any entity which would constitute a Successor.

**"Successor"** means:

- (a) subject to paragraph (b) below, the entity or entities, if any, determined as follows:
  - (i) subject to paragraph (vii), if one entity succeeds, either directly or indirectly, as a provider of a Relevant Guarantee, to seventy-five per cent. or more of the Relevant Obligations of the Reference Entity, that entity will be the sole Successor;
  - (ii) if only one entity succeeds directly as a provider of a Relevant Guarantee, to more than twenty-five per cent. (but less than seventy-five per cent.) of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent. of the Relevant Obligations will be the sole Successor;
  - (iii) if more than one entity each succeeds directly as a provider of a Relevant Guarantee, to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent. of the Relevant Obligations will each be a Successor and the Base Conditions and/or the relevant Pricing Supplement will be adjusted as provided below;
  - (iv) if one or more entity each succeed directly as a provider of a Relevant Guarantee, to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity, and more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor and the Base Conditions and/or the relevant Pricing Supplement will be adjusted as provided below;
  - (v) if one or more entities succeed directly as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of such succession;

- (vi) if one or more entities succeed, either directly or indirectly, as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations will be the Successor (provided that if two or more entities succeed to an equal percentage of Relevant Obligations, each such entity will be a Successor and the Base Conditions and/or the relevant Pricing Supplement will be adjusted as provided below); and
  - (vii) in respect of a Reference Entity which is not a Sovereign, if one entity assumes all of the obligations (including at least one Relevant Obligation) of the Reference Entity, and at the time of the determination either (A) the Reference Entity has ceased to exist, or (B) the Reference Entity is in the process of being dissolved (howsoever described) and the Reference Entity has not issued or incurred any Borrowed Money obligation at any time since the legally effective date of the assumption, such entity (the "**Universal Successor**") will be the sole Successor; and
- (b) An entity may only be a Successor if:
- (i) either (A) the related Succession Date occurs on or after the Successor Backstop Date, or (B) such entity is a Universal Successor in respect of which the Succession Date occurred on or after 1 January 2014;
  - (ii) the Reference Entity had at least one Relevant Obligation outstanding immediately prior to the Succession Date and such entity succeeds to all or part of at least one Relevant Obligation of the Reference Entity; and
  - (iii) where the Reference Entity is a Sovereign, such entity succeeded to the Relevant Obligations by way of a Sovereign Succession Event.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after delivery of a Successor Notice and with effect from the Succession Date, any Successor or Successors under paragraph (a) above, Provided That the Calculation Agent will not make any such determination if, at the time of determination, the DC Secretary has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that there is no Successor based on the relevant succession to Relevant Obligations.

The Calculation Agent may, if it determines appropriate, select an alternative Transaction Type for any Successor to a Reference Entity and adjust such of the Base Conditions and/or the relevant Pricing Supplement as it determines appropriate to reflect such new Transaction Type and determine the effective date of any such change and adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if any such Transaction Type and adjustment reflects any adjustment to any credit derivative transaction(s) related to or underlying the Credit Linked Notes incorporating the provisions of the 2014 ISDA Credit Derivatives Definitions (the "**2014 Definitions**"). Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 14 (*Notices*) stating the new Transaction Type and the adjustment to the Base Conditions and/or the relevant Pricing Supplement (if any). For the avoidance of doubt any failure to provide such a notice to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the foregoing provisions.

The Calculation Agent will make all calculations and determinations required to be made under this definition of Successor on the basis of Eligible Information and will, as soon as practicable after such calculation or determination, make such calculation or determination available for inspection by Noteholders at the specified office of the Principal Paying Agent. In calculating the percentages used to determine whether an entity qualifies as a Successor under paragraph (a) above, if there is a Steps Plan, the Calculation Agent shall consider all related successions in respect of such Steps Plan in aggregate as if forming part of a single succession.

Where pursuant to paragraph (a)(iii), (a)(iv) or (a)(vi) or (b) above, more than one Successor has been identified, the Calculation Agent shall adjust such of the Base Conditions and/or the relevant Pricing Supplement as it shall determine to be appropriate (including, without limitation, the Reference Entity Notional Amount and (if applicable) the Transaction Type) to reflect that the Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of the Base Conditions and/or the relevant Pricing Supplement in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Credit Linked Notes under the provisions of the 2014 Definitions.

Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 14 (*Notices*) stating the adjustment to the Base Conditions and/or the relevant Pricing Supplement and giving brief details of the relevant Successor event. For the avoidance of doubt any failure to provide such a notice to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the foregoing provisions.

If two or more entities (each, a "**Joint Potential Successor**") jointly succeed to a Relevant Obligation (the "**Joint Relevant Obligation**") either directly or as a provider of a Relevant Guarantee, then (i) if the Joint Relevant Obligation was a direct obligation of the Reference Entity, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as direct obligor or obligors, or (ii) if the Joint Relevant Obligation was a Relevant Guarantee, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as guarantor or guarantors, if any, or otherwise by each Joint Potential Successor in equal parts.

For the purposes of this definition of "Successor", "**succeed**" means, with respect to the Reference Entity and its Relevant Obligations, that an entity other than the Reference Entity (i) assumes or becomes liable for such Relevant Obligations whether by operation of law or pursuant to any agreement (including, with respect to a Reference Entity that is a Sovereign, any protocol, treaty, convention, accord, concord, entente, pact or other agreement), or (ii) issues Bonds or incurs Loans (the "**Exchange Bonds or Loans**") that are exchanged for Relevant Obligations, and in either case the Reference Entity is not thereafter a direct obligor or a provider of a Relevant Guarantee with respect to such Relevant Obligations or such Exchange Bonds or Loans, as applicable. For purposes of this definition of "Successor", "succeeded" and "succession" shall be construed accordingly. In the case of an exchange offer, the determinations required pursuant to paragraph (a) of this definition of "Successor" shall be made on the basis of the outstanding principal balance of Relevant Obligations exchanged and not on the basis of the outstanding principal balance of the Exchange Bonds or Loans.

Notwithstanding the provisions above and sub-paragraph (b) of the definition of Reference Entity, where a Reference Entity is determined as a Successor to another Reference Entity pursuant to the above provisions, then it will be deemed to be a Reference Entity only once hereunder, and from and including the date of such determination the Reference Entity Notional

Amount with respect to such Reference Entity will be the sum of the Reference Entity Notional Amounts that would otherwise be applicable to it.

**"Successor Backstop Date"** means for purposes of any Successor determination determined by DC Resolution, the date that is ninety calendar days prior to the Successor Resolution Request Date otherwise, the date that is ninety calendar days prior to the earlier of (i) the date on which the Successor Notice is effective and (ii) in circumstances where (A) a Successor Resolution Request Date has occurred, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination and (C) the Successor Notice is delivered not more than fourteen calendar days after the day on which the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination, the Successor Resolution Request Date. The Successor Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**"Successor Notice"** means an irrevocable notice from the Calculation Agent to the Issuer that describes a succession (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) in respect of which a Succession Date has occurred and pursuant to which one or more Successors to the Reference Entity can be determined.

A Successor Notice must contain a description in reasonable detail of the facts relevant to the determination to be made pursuant to paragraph (a) of the definition of Successor above.

**"Successor Resolution Request Date"** means, with respect to a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve one or more Successors to the Reference Entity, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

**"Trade Date"** means the date specified as such in the relevant Pricing Supplement.

**"Transaction Auction Settlement Terms"** means the Credit Derivatives Auction Settlement Terms selected by the Calculation Agent in accordance with this provision. In relation to a Credit Event (and as set out in the definition of Credit Derivatives Auction Settlement Terms), ISDA may publish one or more form(s) of Credit Derivatives Auction Settlement Terms on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) and may amend such forms from time to time. Each such form of Credit Derivatives Auction Settlement Terms shall set out, *inter alia*, definitions of "Auction", "Auction Cancellation Date", "Auction Covered Transaction" and "Auction Final Price Determination Date" in relation to the relevant Credit Event. The Transaction Auction Settlement Terms for purposes of the Credit Linked Notes shall be the relevant form of Credit Derivatives Auction Settlement Terms for which the Reference Transaction would be an Auction Covered Transaction (as such term will be set out in the relevant Credit Derivatives Auction Settlement Terms). The Reference Transaction (as set out in the definition thereof) is a hypothetical credit derivative transaction included in these Credit Linked Conditions principally for the purpose of selecting the Credit Derivatives Auction Settlement Terms appropriate to the Credit Linked Notes.

**"Transaction Type"** is as specified in the relevant Pricing Supplement, subject to adjustment as provided in "Successor".

**"Trigger Event"** has the meaning given to that term in Credit Linked Condition 13.

**"Trigger Event Option"** has the meaning given to that term in Credit Linked Condition 13.

"**Trigger Event Option Notice**" has the meaning given to that term in Credit Linked Condition 13.

"**Trigger Event Redemption Date**" has the meaning given to that term in Credit Linked Condition 13.

"**Trigger Level**" has the meaning given to that term in Credit Linked Condition 13.

"**Undeliverable Obligation**" means a Deliverable Obligation included in the Entitlement which, on the Credit Settlement Date for such Deliverable Obligation, the Calculation Agent determines for any reason (including without limitation, failure of the relevant clearance system or due to any law, regulation, court order, contractual restrictions, statutory restrictions or market conditions or the non-receipt of any requisite consents with respect to the Delivery of Loans or non-delivery of an Asset Transfer Notice or any relevant information by a holder) it is impossible or illegal or impractical to Deliver on the Credit Settlement Date.

"**Underlying Obligation**" means, with respect to a guarantee, the obligation which is the subject of the guarantee.

"**Underlying Obligor**" means with respect to an Underlying Obligation, the issuer in the case of a Bond, the borrower in the case of a Loan, or the principal obligor in the case of any other Underlying Obligation.

"**Unwind Costs**" means the amount specified in the relevant Pricing Supplement or if "Standard Unwind Costs" are specified in the relevant Pricing Supplement, an amount determined by the Calculation Agent equal to the aggregate sum of (without duplication) all costs (including loss of funding), fees, charges, expenses, tax and duties incurred by the Issuer and/or any of its Affiliates in connection with the redemption or credit settlement of the Credit Linked Notes and the related termination, liquidation, transfer, settlement or re-establishment (whether in whole or in part) of any Hedging Arrangements.

"**Valuation Date**" means if "Single Valuation Date" is specified in the relevant Pricing Supplement and subject to Credit Linked Condition 12, the date that is the Number of Valuation Business Days following the Calculation Agent Fallback Settlement Determination Date, if any, the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable, and if "Multiple Valuation Dates" is specified in the relevant Pricing Supplement, each of the following dates:

- (a) subject to Credit Linked Condition 12, the date that is the Number of Valuation Business Days following the Calculation Agent Fallback Settlement Determination Date, if any, the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable; and
- (b) each successive date that is the Number of Valuation 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 relevant Pricing Supplement, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the relevant 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 relevant Pricing Supplement, Single Valuation Date shall apply.



**"Valuation Method":**

- (a) The following Valuation Methods may be specified in the relevant Pricing Supplement with only one Valuation Date:
  - (i) **"Market"** means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or
  - (ii) **"Highest"** means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.
- (b) If no such Valuation Method is specified in the relevant Pricing Supplement, the Valuation Method shall be Highest.
- (c) The following Valuation Methods may be specified in the relevant Pricing Supplement with more than one Valuation Date:
  - (i) **"Average Market"** means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or
  - (ii) **"Highest"** means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or
  - (iii) **"Average Highest"** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.
- (d) If no such Valuation Method is specified in the relevant Pricing Supplement, the Valuation Method shall be Average Highest.

Notwithstanding paragraphs (a) to (d) above, if Quotations include Weighted Average Quotations or fewer than two Full Quotations, the Calculation Agent may at its option determine that the Valuation Method shall be Market or Average Market, as the case may be.

Where applicable, the relevant Pricing Supplement may specify an alternative Valuation Method which shall be applicable in respect of the relevant Credit Linked Notes.

**"Valuation Obligation" means:**

- (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the method described in "(A) Method for Determining Valuation Obligations" below;
- (b) the Reference Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Reference Entity which is a Sovereign, and unless Asset Package Delivery is applicable, any Sovereign Restructured Valuation Obligation; and
- (d) if Asset Package Delivery is applicable, (i) if Financial Reference Entity Terms is specified as applicable in the relevant Pricing Supplement, any Prior Deliverable Obligation, or (ii) if the Reference Entity is a Sovereign, any Package Observable Bond,

in each case, as selected by the Issuer in its sole and absolute discretion and notified to the Calculation Agent (a "**Valuation Obligation Notification**") on or prior to the Valuation Date and (i) unless it is an Excluded Valuation Obligation and (ii) provided that the obligation has an Outstanding Principal Balance or Due and Payable Amount that is greater than zero (determined for purposes of paragraph (d) above, immediately prior to the relevant Asset Package Credit Event). For the avoidance of doubt, the Issuer shall be entitled to select any such obligation to constitute a Valuation Obligation, irrespective of its market value.

(i) *Method for Determining Valuation Obligations.* For the purposes of this definition of "Valuation Obligation", the term "Valuation Obligation" may be defined as each obligation of the Reference Entity described by the Valuation Obligation Category specified in the relevant Pricing Supplement, and, subject to paragraph (ii) (*Interpretation of Provisions*) below, having each of, the Valuation Obligation Characteristics, if any, specified in the relevant Pricing Supplement, in each case, as of each such date the Issuer determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, the date of delivery of the Valuation Obligation Notification. The following terms shall have the following meanings:

(A) "**Valuation Obligation Category**" means one of Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan (each as defined in the definition of "Obligation" above, except that, for the purpose of determining Valuation Obligations, the definition of "Reference Obligation Only" shall be amended to state that no Valuation Obligation Characteristics shall be applicable to Reference Obligation Only).

(B) "**Valuation Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of "Obligation" above), Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer;

(1) "**Assignable Loan**" means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if the Reference Entity is guaranteeing such Loan) or any agent;

(2) "**Consent Required Loan**" means a Loan that is capable of being assigned or novated with the consent of the Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if the Reference Entity is guaranteeing such loan) or any agent;

(3) "**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 is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);

(4) "**Transferable**" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions:

I contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S 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);

II restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or

III restrictions in respect of blocked periods on or around payment dates or voting periods;

(5) "**Maximum Maturity**" means an obligation that has a remaining maturity of not greater than the period specified in the relevant Pricing Supplement (or if no such period is specified, thirty years);

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

(7) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream International or any other internationally recognised clearing system.

- (ii) *Interpretation of Provisions*
- (A) If (i) any of the Valuation Obligation Characteristics "Listed", "Not Domestic Issuance" or "Not Bearer" is specified in the relevant Pricing Supplement, the relevant Pricing Supplement shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Bonds; (ii) the Valuation Obligation Characteristic "Transferable" is specified in the relevant Pricing Supplement, the relevant Pricing Supplement shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Valuation Obligations that are not Loans; or (iii) any of the Valuation Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the relevant Pricing Supplement, the relevant Pricing Supplement shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Loans.
- (B) If more than one of "Assignable Loan", "Consent Required Loan" and "Direct Loan Participation" are specified as Valuation Obligation Characteristics in the relevant Pricing Supplement, the Valuation Obligations may include any Loan that satisfies any one of such Valuation Obligation Characteristics specified and need not satisfy all such Valuation Obligation Characteristics.
- (C) If a Valuation Obligation is a Relevant Guarantee, the following will apply:
- (1) for purposes of the application of the Valuation Obligation Category, the Relevant Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation;
  - (2) for purposes of the application of the Valuation Obligation Characteristics, both the Relevant Guarantee and the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Valuation Obligation Characteristics, if any, specified in the relevant Pricing Supplement from the following list: "Not Subordinated", "Specified Currency", "Not Sovereign Lender", "Not Domestic Currency" and "Not Domestic Law";
  - (3) for purposes of the application of the Valuation Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Valuation Obligation Characteristics, if any, specified in the relevant 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"; and

- (4) for purposes of the application of the Valuation Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (5) For purposes of the application of the Valuation Obligation Characteristic "Maximum Maturity", remaining maturity shall be determined on the basis of the terms of the Valuation Obligation in effect at the time of making such determination and, in the case of a Valuation Obligation that is due and payable, the remaining maturity shall be zero.
- (6) If "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the relevant Pricing Supplement, if an obligation would otherwise satisfy a particular Valuation 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 Valuation Obligation Characteristic.
- (7) For purposes of determining the applicability of Valuation Obligation Characteristics 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.
- (8) If "Subordinated European Insurance Terms" is specified as applicable in the relevant Pricing Supplement, if an obligation would otherwise satisfy the "Maximum Maturity" Valuation Obligation Characteristic, the existence of any Solvency Capital Provisions in such obligation shall not cause it to fail to satisfy such Valuation Obligation Characteristic.

The Valuation Obligation Notification shall describe the selected Valuation Obligation(s) in reasonable detail and shall specify the relevant title(s) or designation(s), maturity date(s) and coupon rate(s) and, unless the Quotation Amount is specified in the relevant Pricing Supplement, the applicable Quotation Amount in respect of each such Valuation Obligation (Provided That the aggregate of the Quotation Amounts in respect of the Valuation Obligations shall not exceed the relevant Reference Entity Notional Amount). The Issuer may at any time after delivering a Valuation Obligation Notification but prior to the Valuation Time on the Valuation Date deliver a further Valuation Obligation Notification which shall replace all prior Valuation Obligation Notifications in relation to any additional or replacement Valuation Obligation(s) specified therein.

For the avoidance of doubt the Issuer shall be entitled to select any Valuation Obligations for the purposes of calculating the Final Price irrespective of their market value and, provided that (in the case of a Valuation Obligation selected pursuant to sub-paragraph (a) above) the selected obligation satisfies the applicable Valuation Obligation Category and Valuation Obligation Characteristics on the relevant date, such obligation(s) may constitute the Valuation Obligation(s) for the purposes hereof notwithstanding that this is not the case subsequent to such date.

If "Mod R" is specified as applicable in the relevant Pricing Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Valuation Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Valuation Obligation may be specified in a Valuation Obligation Notification only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, the date of delivery of the Valuation Obligation Notification.

If "Mod Mod R" is specified as applicable in the relevant Pricing Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Valuation Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Valuation Obligation may be specified in a Valuation Obligation Notification only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, the date of delivery of the Valuation Obligation Notification. For the purposes of this paragraph only and notwithstanding the foregoing, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.

**"Valuation Time"** means the time specified as such in the relevant Pricing Supplement or, if no time is so specified, 11.00 a.m. in the principal trading market for the Valuation Obligation.

**"Voting Shares"** means the shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**"Weighted Average Quotation"** means in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Valuation Obligation with an Outstanding Principal Balance or Due and Payable Amount, as applicable, of as large a size as available but less than the Quotation Amount (but, of a size at least equal to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

#### 15. **Credit Event Notice after Restructuring Credit Event**

Notwithstanding anything to the contrary in these Credit Linked Conditions, upon the occurrence of an M(M)R Restructuring:

- (a) The Calculation Agent may deliver multiple Credit Event Notices in respect of such M(M)R Restructuring, each such Credit Event Notice setting forth an amount of the relevant Reference Entity Notional Amount to which such Restructuring Credit Event applies (the **"Partial Redemption Amount"**) that may be less than the aggregate principal amount of those Credit Linked Notes outstanding immediately prior to the

delivery of such Credit Event Notice. In such circumstances the Credit Linked Conditions and related provisions shall be deemed to apply to the Partial Redemption Amount only and each such Credit Linked Note shall be redeemed in part (such redeemed part being equal to the Partial Redemption Amount).

- (b) For the avoidance of doubt (A) the principal amount of each Credit Linked Note not so redeemed in part shall remain outstanding, the Reference Entity Notional Amount shall be reduced by the Partial Redemption Amount and interest shall accrue in respect of each Credit Linked Note as provided in Condition 3 or Condition 4, and Credit Linked Condition 5(b), as applicable, (adjusted in such manner as the Calculation Agent determines to be appropriate), (B) the Credit Linked Conditions and related provisions shall apply to such Credit Linked Note in the event that subsequent Credit Event Notices are delivered in respect of the Reference Entity that was the subject of the Restructuring Credit Event and (C) if, following a Restructuring Credit Event, different Credit Event Determination Dates have been determined with respect to different portions of amounts payable or deliverable to Noteholders under the relevant Series, the Calculation Agent will (x) determine such adjustment(s) to the Base Conditions as may be required to achieve as far as practicable the same economic effect as if each such portion was a separate series or otherwise reflect or account for the effect of the above provisions of this Credit Linked Condition 15 and (y) the effective date of such adjustment(s).
- (c) If the provisions of this Credit Linked Condition 15(c) apply in respect of the Credit Linked Notes, on redemption of part of each such Credit Linked Note the relevant Credit Linked Note or, if the Credit Linked Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such part redemption.

**16. Provisions relating to Multiple Holder Obligation**

Unless this Credit Linked Condition 16 is specified as not applicable in the relevant Pricing Supplement, then, notwithstanding anything to the contrary in the definition of Restructuring and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in sub-paragraphs (a) to (e) of the definition of "**Restructuring**" shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

"**Multiple Holder Obligation**" means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) 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 the requirement in paragraph (ii).

**17. Calculation Agent, Calculation Agent Notices and Timings**

- (a) Whenever any state of affairs, circumstance, event or other matter falls to be determined, considered or otherwise decided upon, or any discretion is required to be exercised, by the Calculation Agent or any other person (including where a matter is to be decided by reference to the Calculation Agent's or such other person's opinion), unless otherwise stated, that matter shall be determined, considered or otherwise decided upon, or that discretion shall be exercised, by the Calculation Agent or such other person, as the case may be, acting in its sole and absolute discretion and shall in the absence of manifest error) be final and binding on the Issuer, the Trustee and the

Noteholders. Whenever the Calculation Agent is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion. Neither the Calculation Agent nor the Issuer shall be liable for any loss, liability, cost, claim, action, demand or expense (including without limitation, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) arising out of or in relation to or in connection with the Calculation Agent's appointment or the exercise of its functions (including, without limitation, any such delay, deferral or forbearance), except in the case of the Calculation Agent such as may result from its own wilful default, negligence or bad faith or that of its officers or agents.

- (b) Any notice to be delivered by the Calculation Agent to the Issuer pursuant to these Credit Linked Conditions may be given in writing (including by facsimile and/or email) and/or by telephone. Any such notice will be effective when given, regardless of the form in which it is delivered. A notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one Calculation Agent City Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.
- (c) Any notice to be delivered by the Issuer to the Calculation Agent pursuant to these Credit Linked Conditions may be given in writing (including by facsimile and/or email) and/or by telephone. Any such notice will be effective when given, regardless of the form in which it is delivered. A notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one Calculation Agent City Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.
- (d) For the purposes of determining the day on which an event occurs for purposes of these Credit Linked Conditions, the Calculation Agent will determine the demarcation of days by reference to Greenwich Mean Time (or, if the Reference Entity has a material connection to Japan for these purposes, Tokyo time) irrespective of the time zone in which such event occurred. Any event occurring at midnight shall be deemed to have occurred immediately prior to midnight.
- (e) In addition, if a payment is not made by the Reference Entity on its due date or, as the case may be, on the final day of the relevant Grace Period, then such failure to make a payment shall be deemed to have occurred on such day prior to midnight Greenwich Mean Time (or, if the Reference Entity has a material connection to Japan for these purposes, Tokyo time), irrespective of the time zone of its place of payment.

## 18. Amendment of Credit Linked Conditions

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



necessary to reflect market practice for credit derivative transactions. The Trustee shall consent, without the consent of the Noteholders or the Couponholders, to any such amendments upon receipt from the Issuer of a certificate, signed by a Director of the Issuer, stating that such amendments are necessary to reflect market practice for credit derivative transactions, **provided that** the Trustee shall not be obliged to agree to any such amendments which, in the sole opinion of the Trustee, either (i) increase or modify the duties and/or the obligations of the Trustee or (ii) remove, modify or adversely affect any rights, powers or protections of the Trustee. Any amendment made in accordance with this Credit Linked Condition 18 shall be notified to the Noteholders in accordance with Condition 14 (*Notices*). Any failure to provide notice of any such amendment to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the foregoing provisions.

**19. Early redemption of Reference Obligation Only Notes following a Substitution Event**

If the Notes are Reference Obligation Only Notes relating to a single Reference Entity and the event set out in paragraph (a) of the definition of Substitution Event above occurs with respect to the Reference Obligation, then:

- (a) interest (if any) shall cease to accrue on the Credit Linked Notes from and including the Interest Payment Date immediately preceding the relevant Substitution Event Date or, if no Interest Payment Date has occurred, no interest will accrue on the Credit Linked Notes; and
- (b) each Credit Linked Note will be redeemed by the Issuer at its relevant Reference Obligation Only Termination Amount specified in, or determined in the manner specified in, the relevant Pricing Supplement on the Maturity Date, which for the purposes of this Credit Linked Condition 19 shall be the day falling five Business Days following the relevant Substitution Event Date.

**20. DC Resolution Adjustment Events**

If following the publication of a DC Resolution (the "**Prior DC Resolution**"), a further DC Resolution (the relevant "**Further DC Resolution**") is published the effect of which would be to reverse all or part of the Prior DC Resolution or if any DC Resolution would reverse any determination made by the Calculation Agent and/or the occurrence of a Credit Event Determination Date, notwithstanding any other provisions of these Credit Linked Conditions the Calculation Agent may, in its sole and absolute discretion, make any adjustment(s) that the Calculation Agent determines is necessary or desirable to the Conditions or these Credit Linked Conditions to reflect the publication of such Further DC Resolution or DC Resolution, including, without limitation, as a result of the impact or effect of such Further DC Resolution or DC Resolution on the Hedging Arrangements (if any at the relevant time).

**ANNEX 3**

**Pro Forma Pricing Supplement**

## PRO FORMA PRICING SUPPLEMENT

### PRICING SUPPLEMENT

Pricing Supplement dated [ ]

Series No.: [ ]

Tranche No.: [ ]

### HSBC Bank Middle East Limited

### U.S.\$ 7,000,000,000 Debt Issuance Programme

#### Issue of

[Aggregate Principal Amount of Tranche]

[Title of Notes]

### PART A — CONTRACTUAL TERMS

This document constitutes the Pricing Supplement relating to the issue of the Tranche of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Information Memorandum dated 15 July 2014 in relation to the above Programme (the "**Information Memorandum**") [and the supplement[s] thereto dated [•]<sup>1</sup>]. This document constitutes the Pricing Supplement in respect of the Notes described herein for the purpose of the Information Memorandum and must be read in conjunction with such Information 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 Information Memorandum.

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the [prospectus / information memorandum] dated [•] [and the supplemental prospectus dated [•]] and incorporated by reference into the Information Memorandum dated 15 July 2014 in relation to the above Programme (the "**Information Memorandum**") and which are applicable to the Notes. 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 Information Memorandum.

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Pricing Supplement.]*

[A copy of this Pricing Supplement will be delivered to the Jersey registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and he has given and not withdrawn, his consent to its circulation.]<sup>2</sup>

<sup>1</sup> Only include details of supplemental prospectus in which the Conditions and/or the form of Pricing Supplement have been amended for the purposes of all issues under the Programme.

<sup>2</sup> To include where an invitation is made to the public to acquire or apply for the Notes for the purposes of the relevant Jersey law provisions. An invitation will be made to the public when made to more than 50 persons anywhere in the world and/or made to an unidentifiable category of persons.

1. (i) Issuer: HSBC Bank Middle East Limited
- (ii) Arranger(s): HSBC Bank plc
2. (i) Series number: [•]
- (ii) Tranche number: [•]
- [(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]*
3. Specified Currency or Currencies:
- (i) of denomination: [•]
- (ii) of payment [•]
4. Aggregate Principal Amount of Notes admitted to trading: [•]
- [(i)] Series: [•]
- [Option: for Leveraged Credit Linked Notes add: plus, if an Additional Note Issuance has occurred, the Principal Increase Amount. end of Option for such Credit-Linked Notes]***
- [(ii) Tranche [•]]
5. (i) Issue Price: [•] per cent. of the Aggregate Principal Amount [plus accrued interest from [*interest payment date*] (*In the case of fungible issues only, if applicable*)]
- (i) Commission payable: [[•] per cent./None]
- (ii) Selling concession: [[•] per cent./None]
6. (i) Denomination(s): [•]
- (Condition 1(f))*
- (ii) Calculation Amount<sup>3</sup>: [•]
7. (i) Issue Date: [•]
- (ii) Interest Commencement Date: [*specify*/Issue Date/Not Applicable]

<sup>3</sup> The applicable Calculation Amount (which is used for the calculation of redemption and interest amounts (if any)) will be (i) if there is only one Denomination, the Denomination; or (ii) if there are several Denominations, the highest common factor of those Denominations. Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for Paying Agents and/or ICSDs who should be consulted if such an amount is proposed.

8. Maturity Date: *[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year.]*
- (Condition 6(a))*

*[If Index-Linked provisions apply please add: or, if later, the [fifth/specify] Business Day following the [Valuation Date/specify] [adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "Business Day"]]*

*[Option: to use for Credit-Linked Notes other than 2014 Credit-Linked Notes*

Subject to the occurrence of a Potential Credit Event, the earliest of (i) *[insert date]* (the "**Scheduled Maturity Date**"), subject to adjustment in accordance with the *[insert Business Day Convention]*, (ii) if a Credit Event Notice Date occurs, the Credit Event Redemption Date and (iii) the date on which the Notes fall due for redemption pursuant to the occurrence of one or more of the events specified under Conditions 6(b) and 10.

Potential Credit Event:

Notwithstanding anything to the contrary in the Additional Terms and Conditions relating to Credit Linked Notes, if facts exist which may result in the determination that a Credit Event has occurred or exists on or prior to the Extension Date (a "**Potential Credit Event**"), the Maturity Date shall be extended to (1) if a Credit Event Notice is delivered prior to the Notice Delivery Period End Date, the Credit Event Redemption Date, or (2) if no Credit Event Notice is delivered prior to the Notice Delivery Period End Date, the earlier of (a) the date on which the Issuer notifies the Noteholders that a Potential Credit Event no longer exists, and (b) the third Business Day after the Notice Delivery Period End Date (the "**Extended Maturity Date**").

"**Notice Delivery Period End Date**" means the fifth (5th) Business Day following (a) if a Valid Credit Event Resolution Request Date occurs, the later of (i) the 14th calendar day following the Extension Date and (ii) either (I) if the relevant Credit Event is not a

Restructuring, the date on which the Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred; (II) if the relevant Credit Event is a Restructuring, the relevant Exercise Cut-Off Date; (III) the day on which the Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Credit Event has occurred; or (IV) the day that is 14th calendar day following the date on which the Credit Derivatives Determinations Committee has Resolved not to determine whether or not an event constitutes a Credit Event; or (b) otherwise the 14th calendar day following the Extension Date.

For the avoidance of doubt, if the Maturity Date is extended pursuant to the occurrence of a Potential Credit Event, no interest shall accrue in respect of the period from and including the Scheduled Maturity Date to and including the Extended Maturity Date. *end of Option for such Credit-Linked Notes*

*[Option: to use for 2014 Credit-Linked Notes:*

*[[insert date] (the "Scheduled Maturity Date"), subject as provided in the Credit Linked Conditions [and to adjustment in accordance with the [insert] Business Day Convention].]*

*[For Basket Credit Linked Notes:*

The later of:

- (a) the day falling [five] *[specify]* Business Days following (i) the calculation of the Final Price or (ii) the Auction Final Price Determination Date (or, if later, the related Auction Settlement Date) in respect of each Reference Entity for which a Credit Event Determination Date has occurred; and
- (b) *[insert date] (the "Scheduled Maturity Date"), subject as provided in the Credit Linked Conditions [and to adjustment in accordance with the [insert] Business Day Convention].] end of Option for such Credit-Linked Notes]*

9. Interest basis: [[•] per cent Fixed Rate]  
 (Conditions 3 to 5)

***[Option: For Currency-Linked Notes, also add***

[The Notes are Currency-Linked Notes:

- (i) Specified Currency: [•]
- (ii) Specified Currency Jurisdiction: [•]
- (iii) [First] Reference Currency: [•]
- (iv) [First] Reference Jurisdiction: [•]
- (v) [Second] Reference Currency: [•]
- (vi) [Second] Reference Currency Jurisdiction: [•]

***- end of Option for Currency-Linked Notes]***

[[Specify reference rate] +/- [•] per cent. Floating Rate]

[Variable Coupon Amount Notes]

[Zero Coupon Notes]

[Index-Linked Notes]

[other (specify)]

*(further particulars specified below)*

***[Option: for Credit-Linked Notes other than 2014 Credit-Linked Notes also add:***

[Interest will be treated as having ceased to accrue as from the beginning of any Interest Period in which a Credit Event Notice is given under Condition 6(i)(i) – See Additional Terms and Conditions relating to Credit-Linked Notes]<sup>4</sup> ***end of Option for such Credit-Linked Notes]***

10. Redemption basis: [Redemption at par]  
 (Condition 6)

---

<sup>4</sup> Include unless the Notes are Zero Coupon Notes.

***[Option: For Currency-Linked Notes, also add***

[The Notes are Currency-Linked Notes:

- (i) Specified Currency: [•]
- (ii) Specified Currency Jurisdiction: [•]
- (iii) [First] Reference Currency: [•]
- (iv) [First] Reference Jurisdiction: [•]
- (v) [Second] Reference Currency: [•]
- (vi) [Second] Reference Currency: [•]  
Jurisdiction

***end of Option for Currency-Linked Notes***

[Equity/Index-Linked Redemption]

[Currency-Linked Redemption]

[Credit-Linked Redemption]

[Dual Currency]

[Partly Paid]

[Instalment]

[other (*specify*)]

***[Option: for Credit-Linked Notes other than 2014 Credit-Linked Notes also add:***

See *Additional Terms and Conditions relating to Credit-Linked Notes* for provisions relating to Redemption following the occurrence of a Credit Event. ***end of Option for such Credit-Linked Notes]***

- 11. Change of interest or redemption basis: [*specify details of any provision for convertibility of Notes to another interest or redemption/payment basis*]

***[Option: for Credit-Linked Notes other than 2014 Credit-Linked Notes add:***

Notwithstanding anything to the contrary in the *Additional Terms and Conditions relating to Credit-Linked Notes*, in the event that the Notes are redeemed on the Credit Event



Redemption Date, the final redemption amount of the Notes shall be the Credit Event Redemption Amount [/Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]. ***end of Option for such Credit-Linked Notes***

12. Put/Call options: [Condition 6[(c)][(d)] will apply as specified below]
13. (i) Status of the Notes: (Condition 2) [Not Subordinated Notes/Subordinated Notes]
- (ii) Date [Board] approval for issuance of Notes obtained: [•] [and [•]; respectively]] (*N.B. only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*) [Not Applicable]
14. Method of distribution: [Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note provisions:** [Applicable/Not Applicable]
- (*Condition 3*) [*If not applicable, delete the remaining subparagraphs of this paragraph*]
- (i) Rate(s) of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear]
- (ii) Interest Payment Date(s): [dd/mm, dd/mm, dd/mm and dd/mm] in each year commencing on the first Interest Payment Date and ending on [[•]]/[the Interest Payment Date falling on [•] [adjusted in accordance with [*specify*] [Business Day Convention and any applicable Business Centre(s)] for the definition of "Business Day"]] / [not adjusted]

***[Option: for 2014 Credit-Linked Notes add:***

[dd/mm, dd/mm, dd/mm and dd/mm] in each year commencing on the first Interest Payment Date and ending on the Scheduled Maturity Date, in each case subject as provided in the Credit Linked Conditions [and adjusted in accordance with [*specify*] [Business Day Convention and any applicable Business Centre(s)] for the definition of "Business Day"]] / [not

- adjusted]. *end of Option for such Credit-Linked Notes*]
- (iii) First Interest Payment Date: [•] [*Option: for 2014 Credit-Linked Notes add*: subject as provided in the Credit Linked Conditions. *end of Option for such Credit-Linked Notes*]
- (iv) Fixed Coupon Amount(s): [•] per Calculation Amount
- (v) Day Count Fraction: [•] [30/360/Actual/Actual (ICMA/ISDA)/Actual/365 (Fixed) /other (*specify*)]
- (vi) [Determination Date: [•] *in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon, N.B. only relevant where Day Count Fraction is Actual/Actual(ICMA).]*
- (vii) [Other terms relating to the method of calculating interest for Fixed Rate Notes:] [Not Applicable / *give details*] (*Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual basis*)

***[Option: for Credit-Linked Notes other than 2014 Credit-Linked Notes add:***

"**Interest Period**" means the period from and including an Interest Payment Date to and excluding the next succeeding Interest Payment Date, with the exception that the first such period shall commence on and include the Issue Date, [**provided that** for the purposes of Interest Periods, the Interest Payment Dates shall not be subject to the [*insert Business Day Convention*]]. *end of Option for such Credit-Linked Notes*]

[*any other details*]

16. **Floating Rate Note Provisions:** [Applicable /Not Applicable]
- (*Condition 4*) (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) [Specified Period(s): [Not Applicable / [•] months]<sup>5</sup>]

***[Option: for Credit-Linked Notes other than 2014 Credit-Linked Notes add:***

<sup>5</sup> Specified Period only applicable if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and should specify a number of months.

Interest Period: The period from and including an Interest Payment Date to but excluding the next succeeding Specified Interest Payment Date, with the exception that the first such period shall commence on and include the Issue Date and the last such period shall end on but exclude the earliest of (i) the Credit Event Notice Date (if any), (ii) the Valid Credit Event Resolution Request Date (**provided that** a Credit Event Notice Date subsequently occurs), (iii) the Scheduled Maturity Date (adjusted in accordance with the Following Business Day Convention) and (iv) the Maturity Date. ***end of Option for such Credit-Linked Notes***

***[Option: for Leveraged Credit Linked Notes add:***

Specified Period/Interest Period: As set out in the Conditions, provided that for the purposes of calculating the Additional Libor Amount in respect of the Interest Period (the "**First Additional Libor Period**") in which any Additional Note Issuance falls, such Interest Period will be deemed to commence on and include the day on which the Additional Note Issuance is effected. ***end of Option for such Credit-Linked Notes***

(ii) Interest Payment Dates<sup>6</sup>: [dd/mm, dd/mm, dd/mm and dd/mm] in each year commencing on the first Interest Payment Date and ending on [[•]]/[the Interest Payment Date falling on [•]][adjusted in accordance with [*specify*] [Business Day Convention and any applicable Business Centre(s)] for the definition of "Business Day"] / [not adjusted]

***[Option: for Credit-Linked Notes other than 2014 Credit-Linked Notes add:***

20 March, June, September and December in each year, commencing on and including [ ] and ending on the earliest of (i) the Credit Event Redemption Date, (ii) the Scheduled Maturity Date and (iii) the Maturity Date, in each case subject to adjustment in accordance with the [*specify Business Day Convention*]. ***end of Option for such Credit-Linked Notes***

---

<sup>6</sup> Note: Only applicable if the Business Day Convention is NOT the FRN Convention, Floating Rate Note Convention or Eurodollar Convention.

**[Option: for 2014 Credit-Linked Notes add:**

- [20 March, June, September and December] in each year, commencing on and including [ ] and ending on the Scheduled Maturity Date, in each case subject as provided in the Credit Linked Conditions and to adjustment in accordance with the [specify Business Day Convention]. **end of Option for such Credit-Linked Notes]**
- (iii) First Interest Payment Date: [•] **[Option: for 2014 Credit-Linked Notes add:** subject as provided in the Credit Linked Conditions. **end of Option for such Credit-Linked Notes]**
- (iv) Business Day Convention: [FRN Convention/Floating Rate Convention/Eurodollar Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (v) Business Centre(s): [Not Applicable/give details] **[Option: to use for 2014 Credit-Linked Notes:** See also the Schedule hereto. **end of the Option for such Credit-Linked Notes]**
- (vi) Screen Rate Determination: [Applicable / Not Applicable]
- (1) Reference Rate: [•]
- (2) Interest Determination Date(s): [•]
- (3) Relevant Screen Page: [•]
- (4) Relevant Financial Centre: [•]
- (5) Designated Maturity: [•]
- (vii) ISDA Determination [Applicable / Not Applicable]
- (1) Floating Rate Option [•]
- (2) Designated Maturity [•]
- (3) Reset Date [•]
- (viii) Linear Interpolation: [Not Applicable]/[Applicable – the Rate of Interest for the Interest Period ending on the Interest Payment Date falling in [ ] shall be

calculated using Linear Interpolation]

**[Option: for 2014 Credit-Linked Notes add:**

[Not Applicable]/[Applicable – the Rate of Interest for the Interest Period ending on the Interest Payment Date falling in [ ] [and] [the First Additional Libor Period] shall be calculated using Linear Interpolation. **end of Option for such Credit-Linked Notes]**

(ix) Interest Determination Date: [•]

(x) Margin(s): [[+/-] [•] per cent. per annum]

**[Option: for Leveraged Credit Linked Notes add:**

[•] per cent. per annum or, in respect of the Additional Libor Amount only, a spread per annum to be determined in good faith and in a commercially reasonable manner by the Calculation Agent by reference to the then current funding levels. **end of Option for such Credit-Linked Notes]**

(xi) Day Count Fraction: [•]

(xii) Relevant Time: [•]

(xiii) Minimum Rate of Interest: [•] per cent. per annum

(xiv) Maximum Rate of Interest: [•] per cent. per annum

(xv) Rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [•]

**[Option: for Leveraged Credit Linked Notes add:**

The amount of interest (the "**Interest Amount**") payable in respect of each principal amount of Notes equal to the Calculation Amount and an Interest Period shall be such Note's *pro rata* share of an amount equal to the sum of:

- (a) the Initial Libor Amount;
- (b) where such Interest Period ends on or after the date of any Additional Note Issuance, the Additional Libor Amount (if any); and
- (c) the Premium Amount,

in each case in respect of such Interest Period.

**"Additional Libor Amount"** means, in respect of an Interest Period, the product of:

- (a) the Additional Libor Calculation Amount;
- (b) the relevant Rate of Interest in respect of such Interest Period; and
- (c) the Day Count Fraction in respect of such Interest Period.

**"Additional Libor Calculation Amount"** means the Principal Increase Amount.

**"Initial Libor Amount"** means, in respect of an Interest Period, the product of:

- (a) the Initial Libor Calculation Amount;
- (b) the relevant Rate of Interest in respect of such Interest Period; and
- (c) the Day Count Fraction in respect of such Interest Period.

**"Initial Libor Calculation Amount"** means the Aggregate Principal Amount (ignoring for such purposes any Principal Increase Amount).

**"Premium Amount"** means, in respect of an Interest Period, the product of:

- (a) the Premium Calculation Amount;
- (b) the Premium Rate; and
- (c) the Day Count Fraction in respect of the relevant Interest Period.

**"Premium Calculation Amount"** means [*specify*].

**"Premium Rate"** means [*specify*].

Each Interest Amount will be [rounded to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded

- upwards)/other (*give details*)] **end of Option for such Credit-Linked Notes**
17. **Zero Coupon Note provisions:** [Applicable/Not Applicable]
- (*Condition 5*) (*If not applicable, delete the remaining subparagraphs of this paragraph.*)
- (i) Amortisation Yield: [•] per cent. per annum
- (ii) Rate of interest on overdue amounts: [•]
- (iii) Redemption formula: [•]
- [Option: for Credit-Linked Notes other than 2014 Credit-Linked Notes, also include:**
- See also *Additional Terms and Conditions relating to Credit-Linked Notes – end of Option for such Credit-Linked Notes*]
18. **Dual Currency Note provisions:** [Applicable/Not Applicable]
- (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Specified Currencies: [•]
- (ii) Exchange rate(s): [*give details*]
- (iii) Provisions applicable where calculation by reference to Exchange Rate impossible or impracticable: [*Need to include a description of market disruption or settlement disruption events and adjustment provisions.*]
19. **Variable Coupon Amount Note /Index-Linked Note/Equity-Linked Note/Cash Equity Notes/other variable-linked interest Note provisions:** [Applicable/Not Applicable]
- (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Index/formula/other variable: [*give or annex details – if appropriate, cross-refer to the definition of Valuation Date in paragraph 33 below*]
- (ii) Calculation Agent responsible for calculating the interest due: [•]
- (iii) Provisions for determining interest where calculated by reference to index and/or formula and/or other variable: [•]
- (iv) Provisions for determining interest where calculation by reference to index and/or formula and/or other variable is impossible or impracticable or otherwise disrupted: [•][See Condition 20 and paragraph 33 below] [*If Condition 20 and paragraph 33 do not apply, need to include a description of market disruption or settlement disruption events and adjustment provisions and the definition of Valuation Date*]

- (v) Interest or calculation period(s): [•]
- (vi) Interest Payment Dates: [•]
- (vii) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (viii) Business Centre(s) [•]
- (ix) Minimum Rate/Amount of Interest: [•] per cent. per annum
- (x) Maximum Rate/Amount of Interest: [•] per cent. per annum
- (xi) Day Count Fraction: [•]
- (xii) Valuation Date: [Not Applicable / *specify*]

**[Option 1 – for Notes generally — PROVISIONS RELATING TO REDEMPTION**

20. **Issuer's optional redemption (Call):** [Applicable/Not Applicable]  
*(Condition 6(c))* *(If not applicable, delete the remaining subparagraphs of this paragraph.)*
- (i) Redemption amount (Call): [*specify – if not par, also specify details of any formula*] per Calculation Amount
- (ii) Series redeemable in part: [*specify – otherwise redemption will only be permitted of entire Series*] per Calculation Amount
- (iii) Call option date(s): [*specify*]
- (iv) Call option period: [As per Condition 6(c) / *specify*]
21. **Noteholder's optional redemption (Put):** [Applicable/Not Applicable]  
*(Condition 6(d))* *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Redemption amount (Put): [*specify – if not par, also specify details of any formula*] per Calculation Amount
- (ii) Put option date(s): [*specify*]
- (iii) Put option period: [As per Condition 6(d)/ *specify*]
22. **Final redemption amount of each Note:** [*specify – if not par, also specify details of any formula*] per Calculation Amount  
*(Condition 6(a))*
23. **Final redemption amount of each Note in** [Not Applicable/[•] per Calculation Amount]



**cases where the Final redemption amount is linked to an index, a formula or other variable:**

*(Condition 6(h))*

- |        |  |  |
|--------|--|--|
| (i)    | Index/formula/other variable:  | [give or annex details]  |
| (ii)   | Calculation Agent responsible for calculating the final redemption amount:   | [•]  |
| (iii)  | Provisions for determining final redemption amount where calculated by reference to an index and/or formula and/or other variable:   | <i>[For Currency-Linked or Equity-Linked Notes: See Condition 20 and paragraph 33 below]]</i> <i>[If Condition 20 and paragraph 33 do not apply, need to include a description of market disruption or settlement disruption events and adjustment provisions]</i> |
| (iv)   | Determination Date(s):   | [•]  |
| (v)    | Provisions for determining final redemption amount where calculation by reference to index and/or formula and/or other variable is impossible or impracticable or otherwise disrupted: | [•]  |
| (vi)   | Payment Date:  | [•]  |
| (vii)  | Minimum final redemption amount:   | [•]  |
| (viii) | Maximum final redemption amount:   | [•]  |

24. **Instalment Notes:** [specify]

*(Condition 6(a))*

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- |      |                                   |     |
|------|-----------------------------------|-----|
| (i)  | Instalment Amounts:               | [•] |
| (ii) | Dates for payment of Instalments: | [•] |

25. **Early redemption amount:** Yes

- |     |   |  |
|-----|---|--|
| (i) | Early redemption amount (upon redemption for taxation reasons, force majeure, illegality or following an Event of Default)<br><br><i>(Conditions 6(b), 6(i) and 10)</i> | [At par]/[•] per Calculation Amount/[In the event of early redemption for taxation reasons, a force majeure event, illegality or following an event of default, the aggregate amount payable by the Issuer in respect of principal and interest on the Notes upon such early redemption shall be the amount which the Calculation Agent in its absolute discretion and in good faith determines to be the fair market value of the Notes |
|-----|---|--|

immediately prior to the date on which such early redemption occurs, reduced as so determined by the Calculation Agent to account fully for any reasonable expenses and costs to the Issuer of unwinding any underlying and/or related hedging and funding arrangements.] / [specify other]

- (ii) Other redemption provisions: [specify]  
(Condition 6(h))

***end of Option 1 – for Notes generally]***

**[Option 2 for Currency-Linked Notes: PROVISIONS RELATING TO REDEMPTION**

20. **Issuer's optional redemption (Call):** [Applicable/Not Applicable]  
(Condition 6(c)) *(If not applicable, delete the remaining subparagraphs of this paragraph.)*
- (i) Redemption amount (Call): [specify – if not par, also specify details of any formula] per Calculation Amount
- (ii) Series redeemable in part: [specify – otherwise redemption will only be permitted of entire Series] per Calculation Amount
- (iii) Call option date(s): [specify]
- (iv) Call option period: [As per Condition (c) / specify]
21. **Noteholder's optional redemption (Put):** [Applicable/Not Applicable]  
(Condition 6(d)) *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Redemption amount (Put): [specify – if not par, also specify details of any formula] per Calculation Amount
- (ii) Put option date(s): [specify]
- (iii) Put option period: [As per Condition (d) / specify]
22. **Final redemption amount of each Note:** [specify – if not par, also specify details of any formula] per Calculation Amount  
(Condition 6(a))
23. **Final redemption amount of each Note in cases where the Final redemption amount is linked to an index, a formula or other** [Not Applicable/Applicable]

**variable:***(Condition 6(h))*

- |       |   |  |
|-------|---|--|
| (i)   | Index/Formula/other variable:   | The [ <i>Specified Currency/First Reference Currency</i> ] Exchange Rate and the [ <i>Specified Currency/Second Reference Currency</i> ] Exchange Rate |
| (ii)  | Calculation Agent responsible for calculating the final redemption amount:  | [HSBC Bank plc, 8 Canada Square, London E14 5HQ]   |
| (iii) | Provisions for determining final redemption amount where calculated by reference to index and/or formula and/or other variable: |  |

***[Option 2(A): where Currency-Linked Notes are linked to one exchange rate***

[If, in the determination of the Calculation Agent, the final [*Specified Currency/Reference Currency*] Exchange Rate is less than or equal to [*specify rate*], then each Note will redeem on the Maturity Date at [par] [•]

If, in the determination of the Calculation Agent, the Final [*Specified Currency/Reference Currency*] Exchange Rate is greater than [*specify rate*], then each Note will redeem on the Maturity Date at an amount determined on the Fixing Date by the Calculation Agent in accordance with the following formula:

[Denomination x [*specify number*] — ([*specify number*] x (Final [*Specified Currency/Reference Currency*] Exchange Rate / [*specify number*]))],]

**provided, however, that** the final redemption amount shall never be less than zero.

For the purposes hereof:

**"Fixing Date"** means [*specify date*], or, if the [Maturity Date] is not a Currency Business Day in each Reference Currency Jurisdiction, the next following day which is a Currency Business Day in each Reference Currency

Jurisdiction, as determined by the Calculation Agent.

**"Final [Specified Currency/Reference Currency] Exchange Rate"** means the [Specified Currency/Reference Currency] exchange rate (expressed as a number of [Reference Currency] per [Specified Currency] 1.00) as observed by HSBC Bank plc as Calculation Agent on [specify Page] at [specify time] ([London] time) on the Fixing Date, as determined by the Calculation Agent;

**"[Specified Currency/Reference Currency] Exchange Rate"** means the [Specified Currency/Reference Currency] exchange rate (expressed as a number of [Reference Currency] per [Specified Currency] 1.00) as observed by HSBC Bank plc as Calculation Agent on [specify page] at [specify time] ([London] time) on the Fixing Date as determined by the Calculation Agent acting in good faith.] *end of Option 1(A)*

*[Option 2(B) where Currency-Linked Notes are linked to two exchange rates*

Unless previously redeemed, or purchased and cancelled in accordance with the Conditions, the final redemption amount payable by the Issuer in respect of each Note on the Maturity Date shall be an amount in [Specified Currency] determined on the Fixing Date by the Calculation Agent in accordance with the following formula:

$$[\text{Denomination} + [\text{specify percentage}] \text{ per cent.} \times \text{Max}(0, [\text{Second Reference Currency Performance as defined below}], [\text{First Reference Currency Performance as defined below}])]$$

where:

**"Fixing Date"** means [specify date], or, if the [Maturity Date] is not a Currency Business Day in each Reference Currency Jurisdiction, the next following day which is a Currency Business Day in each Reference Currency Jurisdiction, as determined by the Calculation Agent.

**"Final EUR/[Second Reference Currency]**

**Exchange Rate**" means the EUR/[*Second Reference Currency*] exchange rate (expressed as a number of [*Second Reference Currency*] per EUR 1.00), as observed by HSBC Bank plc as Calculation Agent on [*specify page*] at [*specify time*] ([London] time) on the Fixing Date;

**"Final EUR/[*First Reference Currency*] Exchange Rate"** means the EUR/[*First Reference Currency*] exchange rate (expressed as a number of [*First Reference Currency*] per EUR 1.00), as observed by HSBC Bank plc as Calculation Agent on [*specify page*] at [*specify time*] ([London] time) on the Fixing Date;

**"Final EUR/USD Exchange Rate"** means the EUR/USD exchange rate (expressed as a number of USD per EUR 1.00), as observed by HSBC Bank plc as Calculation Agent on [*specify page*] at [*specify time*] ([London] time) on the Fixing Date;

**"Final USD/[*Second Reference Currency*] Exchange Rate"** means the USD/[*Second Reference Currency*] exchange rate (expressed as an amount of [*Second Reference Currency*] per USD 1.00) as determined by HSBC Bank plc as Calculation Agent by dividing the Final USD/[*Second Reference Currency*] Exchange Rate by the Final EUR/USD Exchange Rate;

**"Final USD/[*First Reference Currency*] Exchange Rate"** means the USD/[*First Reference Currency*] exchange rate (expressed as an amount of [*First Reference Currency*] per USD 1.00) as determined by HSBC Bank plc as Calculation Agent by dividing the Final EUR/[*First Reference Currency*] Exchange Rate by the Final EUR/USD Exchange Rate;

**"Initial USD/[*Second Reference Currency*] Exchange Rate"** means [*Second Reference Currency*] [*specify amount*] per USD 1.00;

**"Initial USD/[*First Reference Currency*] Exchange Rate"** means [*First Reference Currency*] [*specify amount*] per USD 1.00;

**"[*Second Reference Currency*]"** means the

lawful currency of [*specify jurisdiction*];

"[**Second Reference Currency Performance**]" means an amount determined by the Calculation Agent in accordance with the following formula:

$$\left[ \frac{\text{Initial USD} / [\text{Second Reference Currency Exchange Rate}] - \text{Final USD} / [\text{Second Reference Currency Exchange Rate}]}{\text{Final USD} / [\text{Second Reference Currency Exchange Rate}]} \right]$$

"[**First Reference Currency**]" means the lawful currency of [*specify jurisdiction*]; and

"[**First Reference Currency Performance**]" means an amount determined by the Calculation Agent in accordance with the following formula:

$$\left[ \frac{\text{Initial USD} / [\text{First Reference Currency Performance Exchange Rate}] - \text{Final USD} / [\text{First Reference Currency Performance Exchange Rate}]}{\text{Final USD} / [\text{First Reference Currency Performance Exchange Rate}]} \right]$$
 **end of Option 1(A)**

- |        |   |  |
|--------|---|--|
| (iv)   | Determination Date(s):  | The Fixing Date  |
| (v)    | Provisions for determining final redemption amount where calculation by reference to formula and/or other variable is impossible or impracticable or otherwise disrupted: | If any relevant exchange rate is not displayed on any of the specified Reuters Screen at the specified time on the Fixing Date, the Calculation Agent will determine the relevant exchange rate in its sole and absolute discretion, acting in good faith. |
| (vi)   | Payment Date  | The Maturity Date  |
| (vii)  | Minimum final redemption amount   | Redemption at par  |
| (viii) | Maximum final redemption amount:  | Not Applicable   |

**24. Instalment Note Provisions**

- |                   |  |
|-------------------|--|
| Instalment Notes: | [Applicable / Not Applicable]  |
| (Condition 6(a))  | [(If not applicable, delete the remaining subparagraphs of this paragraph.)] |

## (i) Instalment Amounts:

The Notes shall be redeemed in [*specify number*] instalments, each payable on an Instalment Payment Date as defined in (ii) below. The Instalment Amount payable on an Instalment Payment Date in respect of each Note shall be the sum of:

- (a) an amount in [*Reference Currency*] determined by the Calculation Agent in accordance with the following formula:

(Denomination/[*specify number equal to number of Observation Periods*] x Conversion Strike x (n/N); and

- (b) an amount in USD determined by the Calculation Agent in accordance with the following formula:

Denomination/[*specify number*] x (1 — (n/N)).

For these purposes:

"**Conversion Strike**" means [*specify rate, as a number of Units of Reference Currency per 1 Unit of Specified Currency*];

"**Knock-Out Barrier**" means [*specify rate, as a number of Units of Reference Currency per 1 Unit of Specified Currency*];

"**n**" means, in respect of an Observation Period, the total number of Relevant Observation Windows during such Observation Period;

"**N**" means, in respect of an Observation Period, the total number of Observation Windows during such Observation Period;

"**Observation Period**" means (a) in respect of Instalment Payment Date 1 the period from and including [*specify time*] on [*specify date*] to but excluding [*specify time*] on [*specify date*] ("**Observation Period 1**"), (b) in respect of Instalment Payment Date 2 the period from and including [*specify time*] on [*specify date*] to but excluding [*specify time*]

on [specify date] ("**Observation Period 2**"), (c) in respect of Instalment Payment Date 3 the period from and including [specify time] on [specify date] to but excluding [specify time] on [specify date] ("**Observation Period 3**"), and (d) in respect of Instalment Payment Date 4 the period from and including [specify time] on [specify date] to but excluding [specify time] on [specify date] ("**Observation Period 4**");

"**Observation Window**" means the following periods: [specify];

"**Relevant Observation Window**" means an Observation Window during which the [Specified Currency/Reference Currency] Exchange Rate is greater than the Knock-Out Barrier at all times during such Observation Window, as determined by the Calculation Agent;

"**Spot Market**" means the global spot foreign exchange market which, for these purposes, shall be treated as being open continuously from [5.00 a.m. Sydney time] on a Monday in any week to [5.00 p.m. New York time] on the Friday of such week; and

"[Specified Currency/Reference Currency] **Exchange Rate**" means the spot exchange rate for [Specified Currency/Reference Currency] (expressed as a number of [Reference Currency] per [Specified Currency] 1.00) prevailing in the Spot Market as determined by the Calculation Agent.

(ii) Dates for payment of Instalments: [Specify date] ("**Instalment Payment Date 1**"), [specify date] ("**Instalment Payment Date 2**"), [specify date] ("**Instalment Payment Date 3**") and [specify date] ("**Instalment Payment Date 4**"), together with Instalment Payment Date 1, Instalment Payment Date 2 and Instalment Payment Date 3, the "**Instalment Payment Dates**" and each an "**Instalment Payment Date**").

25. **Early redemption amount:** Yes

Early redemption amount (upon redemption for taxation reasons, force majeure, illegality or following an Event of Default): [In the event of early redemption for taxation reasons, a force majeure event, illegality or following an event of default, the aggregate



(Conditions 6(b), 6(i) or 10)

amount payable by the Issuer in respect of principal and interest on the Notes upon such early redemption shall be the amount which the Calculation Agent in its absolute discretion and in good faith determines to be the fair market value of the Notes immediately prior to the date on which such early redemption occurs, reduced as so determined by the Calculation Agent to account fully for any reasonable expenses and costs to the Issuer of unwinding any underlying and/or related hedging and funding arrangements.] / [specify other]

**end of Option 2 for Currency-Linked Notes]**

**[Option 3 for Credit-Linked Notes: PROVISIONS RELATING TO REDEMPTION**

- |     |  |  |
|-----|--|--|
| 20. | <b>Issuer's optional redemption (Call):</b><br><br>(Condition 6(c))    | Not Applicable.  |
| 21. | <b>Noteholder's optional redemption (Put):</b><br><br>(Condition 6(d)) | Not Applicable   |
| 22. | <b>Final redemption amount of each Note:</b><br><br>(Condition 6(a))   | <p><b>[Option: for Credit-Linked Notes other than 2014 Credit-Linked Notes add:</b></p> <p>100 per cent. of the Aggregate Principal Amount of the Notes divided by the number of Notes on the Scheduled Maturity Date if no Credit Event Notice Date occurs on or prior to the Scheduled Maturity Date (subject to extension upon the occurrence of a Potential Credit Event) and an amount equal to the Credit Event Redemption Amount divided by the number of Notes if a Credit Event Notice Date occurs on or prior to the Scheduled Maturity Date (subject to extension upon the occurrence of a Potential Credit Event).</p> <p>[[•] per Calculation Amount [specify – if not par, also specify details of any formula] See Special Conditions, Schedule 2 (Reference Entities and Reference Obligations relating to Credit-Linked Notes) for provisions relating to optional early redemption following a Credit Event.] <b>end of Option for such Credit-Linked Notes]</b></p> |

		<b><i>[Option: for 2014 Credit-Linked Notes add:</i></b>
		[[•] per Calculation Amount] [Each Note's pro rata share of the Aggregate Principal Amount] [As per Credit Linked Condition 5 <i>(Include for Basket Credit Linked Notes)</i> ] <i>[specify – if not par, also specify details of any formula]</i> <b><i>end of Option for such Credit-Linked Notes]</i></b>
23.	<b>Final redemption amount of each Note in cases where the final redemption amount is other variable linked:</b>	Not Applicable
24.	<b>Instalment Notes:</b>  <i>(Condition 6(a))</i>	[Not Applicable]  <b><i>[Option: for Basket Credit Linked Notes to which Credit Payment As You Go applies:</i></b>  See Credit Linked Condition 5. <b><i>end of Option for such Credit-Linked Notes]</i></b>
25.	<b>Early redemption amount:</b>	Yes
	(i) Early redemption amount (upon redemption for taxation reasons, force majeure, illegality or following an Event of Default)  <i>(Condition 6(b), 6(i) and Condition 10):</i>	[In the event of early redemption for taxation reasons, a force majeure event, illegality or following an event of default, the aggregate amount payable by the Issuer in respect of principal and interest on the Notes upon such early redemption shall be the amount which the Calculation Agent in its absolute discretion and in good faith determines to be the fair market value of the Notes immediately prior to the date on which such early redemption occurs, reduced as so determined by the Calculation Agent to account fully for any reasonable expenses and costs to the Issuer of unwinding any underlying and/or related hedging and funding arrangements.] / <i>[specify other]</i>
	(ii) Other redemption provisions:  <i>(Condition 6(h))</i>	<b><i>[Option: for Credit-Linked Notes other than 2014 Credit-Linked Notes add:</i></b>  If the Issuer gives a Credit Event Notice, the Issuer shall be obliged to redeem the Notes by payment of the Credit Event Redemption Amount to the Noteholders on the Credit Event Redemption Date.  The Credit Event Notice shall describe the Credit Event and specify the Reference Entity in respect of which the Credit Event has

occurred. If ISDA has not publicly announced that an event that constitutes a Credit Event has occurred with respect to the Reference Entity, it will also include copies of relevant Publicly Available Information (two Public Sources) that support the occurrence of the Credit Event. **end of Option for such Credit-Linked Notes**

[Not Applicable]

**[Option: for Credit-Linked Notes other than 2014 Credit-Linked Notes add:**

- |     |                                 |   |
|-----|---------------------------------|---|
| (1) | Credit Event Redemption Date:   | As defined in the <i>Additional Terms and Conditions relating to Credit-Linked Notes</i>  |
| (2) | Credit Event Redemption Amount: | Subject to the occurrence of a Succession Event or the designation of a Partial Redemption Portion following a Restructuring Credit Event, an amount equal to (i) the product of (a) the Aggregate Principal Amount and (b) either (x) the Auction Final Price (if any); or (y) the Final Price, to the extent the Fallback Settlement Method applies, less (ii) any Hedging Costs, subject to a minimum of zero. <b>end of Option for such Credit-Linked Notes</b> |

**[Option: for 2014 Credit-Linked Notes add:**

**26. Credit Linked Redemption:**

- |       |   |  |
|-------|---|--|
| (i)   | Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version): | Applicable   |
| (ii)  | Type of Credit Linked Notes:  | [Single Reference Entity Credit Linked Notes][Basket Linked Credit Linked Notes where Credit Payment [on Maturity] [As You Go] applies][Leveraged Credit Linked Notes] ( <i>Leveraged Credit Linked Notes may only be selected if Single Reference Entity Credit Linked Notes is also selected</i> ) |
| (iii) | Unwind Costs:   | [Applicable: [Standard Unwind Costs][specify]][Not Applicable]   |
| (iv)  | Settlement Method:  | [Auction Settlement][Physical Delivery]  |
| (v)   | Basket Credit Linked Terms:   | [Applicable][Not Applicable]<br><br>[If applicable, insert:  |

Credit Event Amount: *[specify]* [As set out in the Credit Linked Conditions]

*[If Credit Payment As You Go applies, insert:*

Credit Event Payment Date: *[specify]*  Business Days [As set out in the Credit Linked Conditions]

Shortfall Amount: [Applicable] [Not Applicable]

- (vi) Trade Date: *[specify]*
- (vii) Calculation Agent City: *[specify]*
- (viii) Reference Entity(ies): *[specify]* [See the Schedule hereto]
- (ix) Transaction Type: [Not Applicable] *[specify]* [See the Schedule hereto]

*[If a Transaction Type and Standard Terms applies, insert:*

The "**Standard Terms**" in respect of a Reference Entity will be the standard terms set out in the Credit Derivatives Physical Settlement Matrix dated *[insert date]* as published by ISDA on its website at [www.isda.org](http://www.isda.org), in relation to the Transaction Type for such Reference Entity]

- (x) Reference Entity Notional Amount: *[specify in respect of each Reference Entity]* [See the Schedule hereto]
- (xi) Reference Obligation(s): Standard Reference Obligation: [Applicable] [Not Applicable]  
[Senior Level/Subordinated Level]

*[If Standard Reference Obligation does not apply, insert:*

Non-Standard Reference Obligation:

Primary Obligor: *[specify]*

Guarantor: *[specify]*

Maturity: *[specify]*

Coupon: *[specify]*

	CUSIP/ISIN:	[ <i>specify</i> ]
(xii)	All Guarantees:	[Applicable][Not Applicable][As per the Standard Terms]
(xiii)	Credit Events:	[As per the Standard Terms]
		[Bankruptcy]
		[Failure to Pay]
		[Grace Period Extension] [Applicable][Not Applicable]
		[If applicable: Grace Period: [ <i>specify</i> ][As set out in the Credit Linked Conditions]
		[Obligation Default]
		[Obligation Acceleration]
		[Repudiation/Moratorium]
		[Restructuring]
		[Provisions relating to Restructuring Credit Event: [Mod R/Mod Mod R] applicable]]
		[Provisions relating to Multiple Holder Obligation: Credit Linked Condition 16: [Not Applicable]]
		[Governmental Intervention]
	Default Requirement:	[ <i>specify</i> ] [As per Credit Linked Condition 14]
	Payment Requirement:	[ <i>specify</i> ][As per Credit Linked Condition 14]
(xiv)	Financial Reference Entity Terms:	[Applicable][Not Applicable][As per the Standard Terms]
(xv)	Subordinated European Insurance Terms:	[Applicable][Not Applicable][As per the Standard Terms]
(xvi)	Credit Event Determination Date:	Notice of Publicly Available Information: [Applicable][Not Applicable]
		[ <i>If Applicable</i> :
		Public Source(s): [ <i>specify</i> ]
		Specified Number: [ <i>specify</i> ]]

- (xvii) Obligation(s):
- Obligation Category: [As per the Standard Terms]
- [Payment] [Borrowed Money] [Reference Obligation Only] [Bond] [Loan] [Bond or Loan]
- (select one only)*
- Obligation Characteristics: [As per the Standard Terms]
- [Not Subordinated] [Specified Currency: *[specify currency]*/Standard Specified Currency] [Not Sovereign Lender] [Not Domestic Currency: Domestic Currency means *[specify currency]*] [Not Domestic Law] [Listed] [Not Domestic Issuance]
- (select all of which apply)*
- (xviii) Excluded Obligation(s): *[specify]*
- (xix) Accrual of Interest upon Credit Event: [Applicable][Not Applicable] *(Not applicable for Basket Credit Linked Notes)*
- (xx) Reference Obligation Only Termination Amount: *[specify]*[Not Applicable] *(Only applicable for Reference Obligation Only Notes)*

***Terms relating to Cash Settlement***

- (xxi) Credit Event Redemption Amount: *[specify]*[As set out in the Credit Linked Conditions][Not Applicable]
- (xxii) Credit Event Redemption Date: [Credit Linked Condition 14 applies][*[specify]*][*[specify]* Business Days][Not Applicable]
- (xxiii) Valuation Date: [Applicable][Not Applicable]
- [Single Valuation Date:
- Fixed Valuation Date: [Applicable] [Not Applicable]
- [If applicable: [specify] Business Days]]]*
- [Multiple Valuation Dates:
- Fixed Valuation Date: [Applicable] [Not Applicable]
- [If applicable: [specify] Business Days; and*

- each [*specify*] Business Days thereafter;  
Number of Valuation Dates: [*specify*]]]
- (xxiv) Valuation Time: [*specify*][As per Credit Linked Condition 14]
- (xxv) Indicative Quotations: [Applicable][Not Applicable]
- (xxvi) Quotation Method: [Bid][Offer][Mid-market][As per Credit Linked Condition 14]
- (xxvii) Quotation Amount: [*specify*][Representative Amount][Credit Linked Conditions apply]
- (xxviii) Minimum Quotation Amount: [*specify*] [As per Credit Linked Condition 14]
- (xxix) Quotation Dealers: [ABN Amro Bank NV  
Bank of America/Merrill Lynch  
Barclays Bank PLC  
BNP Paribas  
Citibank, N.A.  
Commerzbank AG  
Credit Suisse Group  
Deutsche Bank AG  
The Goldman Sachs Group, Inc.  
HSBC Bank plc  
J.P. Morgan Chase & Co.  
Morgan Stanley  
Société Générale  
The Royal Bank of Scotland plc  
UBS AG]  
[*specify other*] [As per Credit Linked Condition 14]
- (xxx) Quotations: [Include Accrued Interest][Exclude Accrued Interest] [As per Credit Linked Condition 14]
- (xxxi) Valuation Method: [Market][Highest]  
[Average Market][Highest][Average Highest]

## (xxxii) Valuation Obligations:

Valuation Obligation Category: [The Deliverable Obligation Category under the Standard Terms]

[Payment] [Borrowed Money] [Reference Obligation Only] [Bond] [Loan] [Bond or Loan][Not Applicable]

*(select one only)*

Valuation Obligation Characteristics: [The Deliverable Obligation Characteristics under the Standard Terms]

[Not Subordinated][Specified Currency: *[specify currency]*/Standard Specified Currency] [Not Sovereign Lender] [Not Domestic Currency: Domestic Currency means *[specify currency]*] [Not Domestic Law] [Not Domestic Issuance] [Assignable Loan] [Consent Required Loan] [Direct Loan Participation] [Transferable] [Listed] *[specify]*] [Maximum Maturity: [ ] years] [Accelerated or Matured] [Not Bearer][Not Applicable]

*(select all of which apply)*

(xxxiii) Excluded Valuation Obligation(s): *[specify]*[Not Applicable]

***Terms relating to Physical Delivery***

***(complete if Physical Delivery is the Settlement Method and as required for Substitute/Auction/Reference Transaction/Valuation Obligation purposes and elections)***

(xxxiv) Physical Settlement Period: *[specify]* Business Days][Not Applicable]

(xxxv) Accrued Interest on Entitlement: [Include Accrued Interest][As per Credit Linked Condition 14] [Not Applicable]

(xxxvi) Credit Settlement Currency: *[specify]*[As per Credit Linked Condition 14] [Not Applicable]

## (xxxvii) Deliverable Obligations:

Deliverable Obligation Category: [As per the Standard Terms]

[Payment] [Borrowed Money] [Reference Obligation Only] [Bond] [Loan] [Bond or



Loan][Not Applicable]

*(select one only)*

Deliverable Obligation Characteristics: [As per the Standard Terms]

[Not Subordinated][Specified Currency: *[specify currency]*/Standard Specified Currency] [Not Sovereign Lender] [Not Domestic Currency: Domestic Currency means *[specify currency]*] [Not Domestic Law] [Not Domestic Issuance] [Assignable Loan] [Consent Required Loan] [Direct Loan Participation] [Transferable] [Listed] *[specify]*] [Maximum Maturity: [ ] years] [Accelerated or Matured] [Not Bearer][Not Applicable]

*(select all of which apply)*(xxxviii) Excluded Deliverable Obligation(s): *[specify]* [Not Applicable]

(xxxix) Indicative Quotations: [Applicable][Not Applicable]

(xl) Valuation Time: *[specify]*[As per Credit Linked Condition 14] [Not Applicable](xli) Delivery provisions for Entitlement if different from Credit Linked Conditions: *[specify]* [Not Applicable](xlii) Qualifying Participation Seller: *[insert]* [Not Applicable]

(xlili) Sovereign No Asset Package Delivery: [Applicable][Not Applicable]

27. **Trigger Event Provisions:** [Applicable][Not Applicable]

*(Applicable for Leveraged Credit Linked Notes and otherwise not applicable. If not applicable, delete the following subparagraphs)*

(i) Principal Increase Amount: *[specify]*(ii) Trigger Level: *[specify %]****end of Option for such Credit-Linked Notes]******end of Option 3 for Credit-Linked Notes]*****[Option 4 for Equity/Index-Linked Notes: PROVISIONS RELATING TO REDEMPTION**20. **Issuer's optional redemption (Call):** [Applicable/Not Applicable]

*(Condition 6(c))*

- (i) Redemption amount (Call): [•] per Calculation Amount [*specify — if not par, also specify details of any formula*]
- (ii) Series redeemable in part: [•] per Calculation Amount [*specify — otherwise redemption will only be permitted of entire Series*]
- (iii) Call option date(s)/Call option period: [*specify*]

21. **Noteholder's optional redemption (Put):** [Yes/No]

*(Condition 6(d))*

- (i) Redemption amount (Put): [•] per Calculation Amount [*specify — if not par, also specify details of any formula*]
- (ii) Put option date(s)/Put option Period: [*specify*]

22. **Final redemption amount of each Note:** [•] per Calculation Amount [*specify — if not par, also specify details of any formula*]

*(Condition 6(b))*

23. **Final redemption amount of each Note in cases where the Final redemption amount is Equity-Linked/ Index-Linked or other variable-linked:** [•] per Calculation Amount

*(Condition 6(h))*

- (i) Index/Formula/other variable: [*give or annex details*]
- (ii) Calculation Agent responsible for calculating the final redemption amount: [•]
- (iii) Provisions for determining Final redemption amount where calculated by reference to equity/index and/or formula and/or other variable: [•]
- (iv) Determination Date(s): [•]
- (v) Provisions for determining final redemption amount where calculation by reference to Equity/Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]

(vi)	Payment Date	[•]
(vii)	Minimum final redemption amount	[•]
(viii)	Maximum final redemption amount:	[•]
24.	<b>Instalment Notes:</b>  ( <i>Condition 6(a)</i> )	  [specify]
(i)	Instalment Amounts:	[•]
(ii)	Dates for payment of Instalments:	[•]
25.	<b>Early redemption amount:</b>	Yes
(i)	Early redemption amount (upon redemption for taxation reasons, force majeure, illegality or following an Event of Default:  ( <i>Conditions 6(b), 6(i) or 10</i> )	[In the event of early redemption for taxation reasons, a force majeure event, illegality or following an event of default, the aggregate amount payable by the Issuer in respect of principal and interest on the Notes upon such early redemption shall be the amount which the Calculation Agent in its absolute discretion and in good faith determines to be the fair market value of the Notes immediately prior to the date on which such early redemption occurs, reduced as so determined by the Calculation Agent to account fully for any reasonable expenses and costs to the Issuer of unwinding any underlying and/or related hedging and funding arrangements.] / [specify other]
(ii)	Other redemption provisions  ( <i>Condition 6(h)</i> ):	[specify; if not par, also specify any formula]
		<b><i>end of Option 4 for Equity/Index-Linked Notes</i></b>

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

[26.][28.]	Form of Notes:  ( <i>Condition 1(a)</i> )	
(i)	Form of Notes:	[Bearer/Registered]
(ii)	Bearer Notes exchangeable for Registered Notes:	[Yes/No] [Answer will be no where no Registered Notes]

- [27.][29.] If issued in bearer form:
- (i) Initially represented by a Temporary Global Note or Permanent Global Note: *[specify] [Notes may only be represented initially by a Permanent Global Note if this Pricing Supplement specify that TEFRA C rules apply]*
  - (ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes:  
*(Condition 1(a))* Yes *[specify]*
  - (iii) Permanent Global Note exchangeable at the option of the bearer for Definitive Notes and/or Registered Notes: [Yes/No]
  - (iv) Coupons to be attached to Definitive Notes<sup>7</sup>: *[Yes/No/Not Applicable] [N.B. this will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon "melt down" of clearing systems – see provisions contained in Permanent Global Note]*
  - (v) Talons for future Coupons to be attached to Definitive Notes<sup>8</sup>: *[Yes/No/Not Applicable] [N.B. the above comment also applies here]*
  - (vi)
    - (a) Definitive Notes to be security printed: *[Yes/No] [N.B. the above comment also applies here]*
    - (b) If the answer to (a) is yes, whether steel engraved plates will be used<sup>9</sup>: *[Yes/No/Not Applicable]*
  - (vii) Definitive Notes to be in ICMA or successor's format: *[Yes/No] [N.B. the above comment also applies here]*
  - (viii) Issuer or Noteholder to pay costs of security printing: *[Issuer/Noteholder/Not Applicable]*
- [28.][30.] Exchange Date for exchange of Temporary Global Note: *[specify]*

<sup>7</sup> Definitive notes will typically have coupons attached to them if interest bearing.

<sup>8</sup> Talons will be needed if there are 27 or more coupons.

<sup>9</sup> Answer to (a) and (b) should generally be 'yes' in all cases where Definitive Notes are to be printed.

[29.][31.] Payments:

*(Condition 8)*

- (i) Method of payment: *[specify if other than by cheque or transfer to a designated account]*
- (ii) Relevant Financial Centre Day: *[specify any additional places]*

[30.][32.] Partly Paid Notes: *[Yes/No]*

*(Condition 1)*

If yes, specify number, amounts and dates for, and method of, payment of instalments of subscription monies and any further additional provisions (including forfeiture dates in respect of late payments of partly paid instalments) *[specify]*

[31.][33.] Redenomination:

*(Condition 9)*

- (i) Redenomination: *[Applicable/Not Applicable]*
- (ii) Exchange: *[Applicable/Not Applicable]*

[32.][34.] Other terms: *[Not Applicable/specify/ See Annex]*

*[(When adding any other terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive).]*

*[The Notes are [Currency-Linked Notes/Credit-Linked Notes/Interest-Rate Linked Notes/Equity-Linked Notes/Index-Linked Notes/Cash Equity Notes].]*

***[Option 1: for Currency-Linked Notes, add:***

The following provisions apply to Currency-Linked Notes in addition to the *General Provisions* (as defined in the Information Memorandum): *"Additional Terms and Conditions relating to Currency-Linked Notes"* and *"Product Description relating to Currency-Linked Notes"* ***end of Option 1 for Currency-Linked Notes]***

***[Option 2: for Credit-Linked Notes, add:***

***[Option: for Credit-Linked Notes other than 2014 Credit-Linked Notes add:***

The following provisions apply to Credit-Linked Notes in addition to the *General Provisions* (as defined in the Information Memorandum): "*Additional Terms and Conditions relating to Credit-Linked Notes*", the applicable section of the "*Product Description relating to Credit-Linked Notes*", Schedule 1 to the Pricing Supplement (*Credit-Linked No Specifications*) and Schedule 2 to the Pricing Supplement (*Reference Entities and Reference Obligations relating to Credit-Linked Notes*) ***end of Option for such Credit-Linked Notes***

***[Option: for 2014 Credit-Linked Notes add:***

The following provisions apply to Credit-Linked Notes in addition to the *General Provisions* (as defined in the Information Memorandum): "*Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)*", the applicable section of the "*Product Description relating to Credit-Linked Notes*" [and the Schedule to the Pricing Supplement] ***end of Option for such Credit-Linked Notes***

— ***end of Option 2 for Credit-Linked Notes***

***[Option 3: for Interest Rate-Linked Notes, add:***

The following provisions apply to Interest Rate-Linked Notes in addition to the *General Provisions* (as defined in the Information Memorandum): "*Additional Terms and Conditions relating to Interest Rate-Linked Notes*" and "*Product Description relating to Interest Rate-Linked Notes*" ***end of Option 3 for Interest Rate-Linked Notes***

***[Option 4: for Equity/Index-Linked Notes, add:***

The following provisions apply to Equity/Index-Linked Notes in addition to the *General Provisions* (as defined in the Information Memorandum): "*Additional*

*Terms and Conditions relating to Equity-Linked Notes, Cash Equity Notes and Index-Linked Notes" and "Product Description relating to Equity-Linked Notes, Cash Equity Notes and Index-Linked Notes " end of Option 4 for Equity/Index-Linked Notes]*

[33.][35.] Valuation Date: [•]

#### DISTRIBUTION

[34.][36.] (i) If syndicated, names [, addresses and underwriting commitments] of Relevant Dealer/Lead Manager: [Not Applicable/HSBC Bank plc/other — give names]  
[Give addresses and underwriting commitments]

***[Option: for Credit-Linked Notes, use:*** Not Applicable]

(ii) If syndicated, names [, addresses and underwriting commitments] of other Dealers/Managers (if any): [Not Applicable/other — give name]  
[Give addresses and underwriting commitments]

***[Option: for Credit-Linked Notes, use:*** Not Applicable]

*[(Include names and address of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)]*

(iii) Date of Subscription Agreement: [•] *[Details of time period during which the offer will be open and description of the application process]*

***[Option: for Credit-Linked Notes, use:*** Not Applicable]

(iv) Stabilising Manager (if any): [Not Applicable/give name]

***[Option: for Credit-Linked Notes, use:*** Not Applicable]

[35.][37.] If non-syndicated, name [and address] of Relevant Dealer: [Not Applicable/give name [and address]]

[36.][38.] Selling restrictions: [TEFRA not applicable]

[37.][39.] Total commission and concession: [•] per cent. of the Aggregate Principal Amount

[38.][40.] Other: *[specify any modifications of, or additions to,*

*selling restrictions contained in Dealer Agreement]*

[39.][41.] Stabilisation:

[Not Applicable / In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the relevant Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.]

***[Option: For Currency-Linked Notes add: PROVISIONS RELATING TO CURRENCY-LINKED NOTES]***

- |     |  |   |
|-----|--|---|
| 40. | Currency Business Day:   | means, in relation to any Reference Currency, a day on which commercial banks effect delivery of the relevant currency in the foreign exchange market in the related Reference Currency Jurisdiction. |
| 41. | Settlement Business Day:   | Means a day on which commercial banks effect delivery of the Settlement Currency in the foreign exchange market.  |
| 42. | FX Disruption:<br><br>(Condition 20A)                            | [Applicable/Not Applicable]   |
| 43. | Non-deliverability of Specified Currency:<br><br>(Condition 20B) | [Applicable/Not Applicable]   |
| (i) | Alternative Payment Currency:                                    | [•]   |



- (ii) Relevant Screen Page: [•]
44. Screen Rate Unavailability: [Applicable/Not Applicable]  
(Condition 20C)
- (i) Screen Rate Fall-Back specified: [Yes/No]
- (ii) Screen Rate [Specify screen and page and cross-refer to relevant paragraphs(s) of the Pricing Supplement where these are referred to]
- (iii) Details of Screen Rate Fall-Back: [Not Applicable / *Specify details*]
- end of Option for Currency-Linked Notes*

***[Option: For Equity/Index-Linked Notes add: PROVISIONS RELATING TO EQUITY-LINKED NOTES, CASH EQUITY NOTES AND INDEX-LINKED NOTES]***

45. Security Delivery (*for Equity-Linked Notes only*): Condition 20(b) [applies/does not apply]
46. Provisions for Cash Equity Notes and Equity-Linked Notes:
- (i) Securities: [•]  
[The Securities are Depositary Receipts]  
[Units in a Fund, where "**Fund**" means a share or notional unit of the Fund (as defined in the Fund Documents), the price of which is denominated in [•]. [The Units represent undivided ownership interests in the portfolio of investments held by the Fund][*delete if not applicable*], "**Unit**" means [•] and "**Underlying Index**" means [•]. Condition 20 shall apply to the Notes as if references therein to "Underlying Company" were references to the "Fund" and as if references therein to "Security" were references to "Unit".
- (ii) Underlying Company(ies): [•] [and with respect to the Underlying Securities [ ] [The Fund]
- (iii) Exchange(s): [•]
- (iv) Related Exchange(s): [•] [All Exchanges]
- (v) Initial Price: [•] [The definition in Condition 20(a) applies]

- (vi) Strike Date: [•]
- (vii) Final Price: [•][The definition in Condition 20(a) applies]
- (viii) Reference Price: [•][The definition in Condition 20(a) applies]
- (ix) Securities Transfer Amount: [•]  
(for Equity-Linked Notes only)
- (x) Settlement Date: [•]  
(for Equity-Linked Notes only)
- (xi) Settlement Disruption Event: Condition 20(b)(iii) [applies/does not apply]  
(for Equity-Linked Notes only)
- Disruption Period (if other than as specified in Condition 20(b)(iii)): [•]
- (xii) Delivery Disruption Event: Condition 20(b)(iv) [applies/does not apply]  
(for Equity-Linked Notes only)
- (xiii) Potential Adjustment Event: Condition 20(g)(i) [applies/does not apply]
- Extraordinary Dividend (if other than as specified in the definition in Condition 20(a)) [•]
  - additional Potential Adjustment Event (for purposes of paragraph (viii) of the definition thereof) [•]
- (xiv) Extraordinary Event: Condition 20(g)(ii) [applies/does not apply]
- (xv) Conversion: Condition 20(g)(iii) [applies/does not apply]  
(for Notes relating to Government Bonds and debt securities only)
- (xvi) Correction of prices: Condition 20(g)(iv) [applies/does not apply]
- (xvii) Additional Disruption Event [The following Additional Disruption Events apply: [Change in Law, Hedging Disruption, Increased Cost of Hedging] [*other — give details*]] [Not Applicable]
47. Additional provisions for Equity-Linked Notes: [•]
48. Provisions for Index-Linked Notes:

- (i) Index(ices): [•] [The Index/Each of *[specify relevant indices in a basket]*[•] is a Multiple Exchange Index]
- (ii) Index Sponsor: [•] [The definition in Condition 20(a) applies]
- (iii) Exchange(s): [•]
- (iv) Related Exchange(s): [•] [All Exchanges]
- (v) Initial Index Level: [•] [The definition in Condition 20(a) applies]
- (vi) Strike Date: [•]
- (vii) Final Price: [•][The definition in Condition 20(a) applies]
- (viii) Reference Price: [•][The definition in Condition 20(a) applies]
- (ix) Adjustments to Indices: Condition 20(f) [applies/does not apply]
- (x) Additional Disruption Event: [The following Additional Disruption Events apply: [Change in Law, Hedging Disruption, Increased Cost of Hedging] [*Other — give details*]] [Not Applicable]
49. For Equity-Linked and Credit-Linked Notes: US Federal Income Tax Considerations
50. Valuation Date(s): [•]. [If, pursuant to Condition 20(e) such date is postponed to *[the Limit Valuation Date/ other (specify)]*, and either, such date is not a Scheduled Trading Day or is a Disrupted Day, such date shall nevertheless be deemed to be the Valuation Date and the [Final Price/Final Index Level] shall be the [price/level] determined by the Calculation Agent in its sole discretion.]
51. Valuation Time: [•] [The definition in Condition 20(a) applies]
52. Averaging Dates: [Yes/No. *If yes, specify dates*]
- (i) Details relating to how final redemption amount will be calculated where the Notes relate to a basket of Indices or Securities: [•]
- (ii) Averaging Date Market Disruption: [Omission/Postponement/Modified Postponement/Not Applicable/*other (specify)*]
53. Other terms or special conditions relating to [specify]

Index-Linked Notes, Cash Equity Notes or  
Equity-Linked Notes:

- (i) Knock-in Event: [Applicable to *[specify relevant payment or delivery]*]
- Knock-in Event: [•] is [greater than/greater than or equal to/less than/less than or equal to] the Knock-in Price/ Knock-in Level
  - Knock-in Period Beginning Date (if other than as specified in the definition thereof in Condition 20(d)): [•]
  - Knock-in Period Ending Date (if other than as specified in the definition thereof in Condition 20(d)): [•]
  - Knock-in Price/ Knock-in Level: [•]
  - Knock-in Valuation Time (if other than as specified in the definition thereof in Condition 20(d)): [•]
- (ii) Knock-out Event: [Applicable to *[specify relevant payment or delivery]*]
- Knock-out Event: [•] is [greater than/greater than or equal to/less than/less than or equal to] the Knock-out Price/Knock-out Level
  - Knock-out Period Beginning Date (if other than as specified in the definition thereof in Condition 20(d)): [•]
  - Knock-out Period Ending Date (if other than as specified in the definition thereof in Condition 20(d)): [•]
  - Knock-out Price/ Knock-out Level: [•]
  - Knock-out Valuation Time (if other than as specified in the definition thereof in Condition 20(d)): [•]
- (iii) Automatic Early Redemption: Condition 20(c) [applies/does not apply]

- Automatic Early Redemption Event: [•] is [greater than/greater than or equal to/less than/less than or equal to] the Automatic Early Redemption [Price/Level/Rate] as of [the/any] Automatic Early Redemption Valuation Date]
- Automatic Early Redemption Valuation Date(s): [•]
- Automatic Early Redemption [Level/Price/Rate]: [•]
- Automatic Early Redemption Date(s): [•] [Subject to adjustment in accordance with [specify relevant Business Day Convention]]
- Automatic Early Redemption Amount: [•]

**[LISTING AND ADMISSION TO TRADING APPLICATION**

This Pricing Supplement, together with the Information Memorandum, comprise the listing particulars required to list and have admitted to trading the issue of Notes described herein on the Official List of the Irish Stock Exchange and the Irish Stock Exchange's Global Exchange Market pursuant to the Debt Issuance Programme of HSBC Bank Middle East Limited.]

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

**CONFIRMED  
HSBC BANK MIDDLE EAST LIMITED**

By: .....  
*Authorised Signatory*

Date: .....

By: .....  
*Authorised Signatory*

Date: .....

1. **LISTING**

- (i) Listing: Application [will be/has been] made to admit the Notes to listing on the Official List of the Irish Stock Exchange [on or around the Issue Date/[*insert date*]]. No assurance can be given as to whether or not, or when, such application will be granted] [Not applicable]
- (ii) Admission to trading: [Application [will be/has been] made for the Notes to be admitted to trading on the Global Exchange Market with effect from the Issue Date/[*insert date*]]. No assurance can be given as to whether or not, or when, such application will be granted]
- (iii) Estimated total cost of admission to trading: [•]

2. **RATINGS**

- Ratings: The long term senior debt rating of HSBC Bank Middle East Limited has been rated:
- Fitch: [AA-]
- Moody's: [A2]
- [The Notes have not specifically been rated.]/[The Notes have been assigned a rating of [•] by [•].]
- Each of Fitch and Moody's is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").
- [For these purposes, ["**Moody's**"] means Moody's Investor Services Limited] [and] ["**Fitch**"] means Fitch Ratings Limited].]

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in ["*Subscription and Sale*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

4. **[REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL**

**EXPENSES**

- [(i) Reasons for the offer [•]  
*(See ["Use of Proceeds"] wording in the Information Memorandum — If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*
- [(ii) Estimated net proceeds; [•]*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- [(iii) Estimated total expenses: *[Include breakdown of expenses]*

**5. [Fixed rate Notes only — YIELD**

- (i) Indication of yield: *[Calculated as [include details of method of calculation in summary form] on the Issue Date]*
- [As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]<sup>10</sup>*

**6. [PERFORMANCE OF THE UNDERLYING**

*Consider including details of where past and future performance and volatility of the underlying [exchange rate/currency/index/formula/other variable] can be obtained.*

*Where the underlying is a security, consider including (i) the name of the issuer of the security, and (ii) the ISIN number or other such security identification code.*

*Where the underlying is an index, consider including the name of the index and if the index is not composed by the Issuer consider including details of where the information about the index can be obtained. Also consider including appropriate index disclaimers. Where the underlying is not an index, consider including equivalent information.*

*Where the underlying is an interest rate, consider including a description of the interest rate.*

*Where the underlying does not fall within the categories specified above, consider whether to include equivalent information.*

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]]<sup>11</sup>

**7. [Dual Currency Notes only – PERFORMANCE OF EXCHANGE RATE(S)]**

<sup>10</sup> The inclusion of paragraph 4 is optional.

<sup>11</sup> The inclusion of paragraph 5 is optional.

*Need to include details of where past and future performance and volatility of the relevant rate(s) can be obtained.]*

#### OPERATIONAL INFORMATION

- |     |  |   |
|-----|--|---|
| 8.  | ISIN Code:   | [•]   |
| 9.  | Common Code:   | [•]   |
| 10. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | [None/specify]  |
| 11. | Delivery:  | Delivery [against/free of] payment  |
| 12. | Settlement procedures:   | [Eurobond/Medium Term Note/other – specify]                               |
| 13. | CMU Lodging and Paying Agent:  | [Not Applicable] / [specify]  |
| 14. | CMU Registrar:   | [None/specify]  |
| 15. | Additional Paying Agent(s) (if any):   | [None/specify]  |
| 16. | Agent Bank/Calculation Agent:  | [HSBC Bank plc] [Other (specify)]   |
|     | <ul style="list-style-type: none"> <li>• is Agent Bank / Calculation Agent to make calculations?</li> </ul>        | [Yes/No]  |
|     | <ul style="list-style-type: none"> <li>• if not, identify calculation agent:</li> </ul>                            | [N.B. Calculation agent appointment letter required]                      |
| 17. | Renminbi Calculation Agent:  | [Not Applicable] / [specify]  |
| 18. | Notices:<br>(Condition 14)   | [Condition 14 applies/specify any other means of effecting communication] |
| 19. | City in which specified office of Registrar to be maintained:<br>(Condition 12)                                    | [As per Condition 12] / [specify]   |
| 20. | Other relevant Terms and Conditions:   | [•]   |
|     | <b><i>[Option: for Credit-Linked Notes add:]</i></b>   |   |
| 21. | Other Terms:   | [•]   |



[OPTION: FOR CREDIT-LINKED NOTES OTHER THAN 2014 CREDIT-LINKED NOTES ADD:

## SCHEDULE 1

### CREDIT-LINKED NOTE SPECIFICATIONS

#### 1. General Terms

Business Day <sup>12</sup> :	[•]
Business Day Convention:	[Modified] Following Business Day Convention, which shall apply to any date other than (a) the Credit Event Backstop Date or (b) the Succession Event Backstop Date, that falls on a day that is not a Business Day.
Reference Entity:	The entity specified in Schedule 2 ( <i>Reference Entities and Reference Obligations relating to Credit-Linked Notes</i> ) and any Successor either (a) identified by the Calculation Agent pursuant to the definition of "Successor" on or following the Trade Date or (b) in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules. The Reference Entity has been designated as a particular " <b>Transaction Type</b> " in Schedule 2 ( <i>Reference Entities and Reference Obligations relating to Credit-Linked Notes</i> ). References to " <b>Standard Terms</b> " mean, in respect of a Reference Entity, the standard terms set out in the Credit Derivatives Physical Settlement Matrix dated [insert date of the most recent Matrix], as published by ISDA on its website at <a href="http://www.isda.org">www.isda.org</a> , in relation to its Transaction Type.
Trade Date:	[•].
Reference Obligation:	Subject to the occurrence of a Succession Event, the obligation(s) (if any) identified as such in respect of such Reference Entity in Schedule 3.
Substitution:	[Applicable/Not Applicable]
All Guarantees:	Applicable or Not Applicable as specified in the applicable Standard Terms.
Reference Price <sup>13</sup> :	[100 per cent.]

<sup>12</sup> The Conditions provide a fallback to days on which commercial banks and foreign exchange markets are generally open to settle payments in the jurisdiction of the currency of the Calculation Amount if not euro or a Euro Business Day if euro.

<sup>13</sup> If a percentage is not specified, the Conditions provide that the Reference Price will be one hundred percent.

2. **Credit Event Provisions:**

Calculation Amount:	Subject to the occurrence of a Succession Event or the designation of a Partial Redemption Portion following a Restructuring Credit Event, in respect of each Reference Entity an amount (denominated in the same currency) equal to [the Aggregate Principal Amount of the Notes].
Credit Events:	In respect of a Reference Entity, the Credit Events specified in the applicable Standard Terms.
Obligation Category and Characteristics:	In respect of each Reference Entity, the Obligation Category and Obligation Characteristics specified in the applicable Standard Terms.
Excluded Obligations <sup>14</sup> :	[None]

3. **Settlement Terms**

Settlement Method:	Auction Settlement
Fallback Settlement Method:	Cash Settlement
Terms relating to Cash Settlement (if the Fallback Settlement Method applies):	
Valuation Date:	Single Valuation Date, which shall be a Business Day as selected by the Issuer in its sole and absolute discretion.
Settlement Currency:	[•]
Valuation Obligations:	["Exclude Accrued Interest" or "Include Accrued Interest" as specified in the applicable Standard Terms.]
Valuation Obligation Category and Characteristics:	In respect of each Reference Entity, the 'Deliverable Obligation Category' and 'Deliverable Obligation Characteristics' specified in the Standard Terms.
Determination of Final Price:	The Final Price will be the weighted average of the highest firm bid price obtained for each Valuation Obligation in the Portfolio, expressed as a percentage, determined by the Calculation Agent.  With respect to each Valuation Obligation, the Calculation Agent shall conduct a dealer poll of at least three dealers indicated by the Issuer to the Calculation Agent in its sole and absolute discretion

<sup>14</sup> Unless specified here as an Excluded Obligation, the Reference Obligation will be an Obligation.

from the Dealer List set out below, with the exception that the Issuer may select a dealer not on the Dealer List if such dealer is a market-maker in the relevant type of Valuation Obligation or other major credit derivatives market participant. On the Valuation Date, the Calculation Agent shall seek to obtain Full Quotations from the selected dealers for an outstanding principal amount of each Valuation Obligation equal to its Valuation Obligation Calculation Amount.

To the extent that the Calculation Agent is unable to obtain at least two Full Quotations for a Valuation Obligation or a Weighted Average Quotation on any day during the ten Business Day period following the Valuation Date, the Calculation Agent shall wait ten Business Days (the last such Business Day, the "**Backup Valuation Date**") and shall then repeat the valuation process. In the event that the Calculation Agent is unable to obtain at least two Full Quotations or a Weighted Average Quotation during the four Business Day period following the Backup Valuation Date, the Final Price shall be deemed to be any Full Quotation obtained on such fourth Business Day or, if no full quotation is obtained, the weighted average of any firm quotations obtained on such fourth Business Day with respect to the aggregate portion of the amount for which such quotations were obtained, and a quotation deemed to be zero for the balance of the amount for which firm quotations were not obtained on such day.

Dealer List:

[ABN Amro Bank NV  
Bank of America/Merrill Lynch  
Barclays Bank PLC  
BNP Paribas  
Citibank, N.A.  
Commerzbank AG  
Credit Suisse Group  
Deutsche Bank AG  
The Goldman Sachs Group, Inc.  
HSBC Bank plc  
J.P. Morgan Chase & Co.  
Morgan Stanley  
Royal Bank of Scotland Plc  
Societe Generale  
UBS AG  
[or any of their respective affiliates]/market makers  
selected at the Issuer's sole and absolute discretion]

Interest until Credit Event Notice Date: Applicable

Deduct Hedging Costs Applicable

## SCHEDULE 2

REFERENCE ENTITIES AND REFERENCE OBLIGATIONS RELATING TO  
CREDIT-LINKED NOTES

Reference Entity	Reference Obligation (ISIN)	Seniority	Transaction Type
[•]	Primary Obligor: Guarantor: Status: Maturity: Coupon: CUSIP/ISIN: Original Issue Amount: Reference Price:	[•]	[•]

*end of Option for such Credit-Linked Notes]*

**[OPTION: TO USE FOR 2014 CREDIT-LINKED NOTES:**

**SCHEDULE**

<u>Reference Entity</u>	<u>Reference Obligation (ISIN)</u>	<u>Seniority</u>	<u>Transaction Type</u>	<u>[Reference Entity Notional Amount</u>	<u>[Business Centre(s)]</u>
-------------------------	------------------------------------	------------------	-------------------------	--	-----------------------------

[ ] [ ] [ ] [ ] [ ] [ ]

*end of Option for such Credit-Linked Notes]*

## ANNEX 4

### Risk Factors

#### **Risks relating to Credit-Linked Notes to which the "Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)" apply**

This section must be read in conjunction with the sections of this Information Memorandum entitled "*Risks relating to the Notes*" and "*Risks relating to the Notes generally*".

##### *General*

The Issuer may issue Notes where the amount of principal and/or interest payable is dependent upon whether certain events ("**Credit Events**") have occurred in respect of one or more entities (together "**Reference Entities**" and each, a "**Reference Entity**") and, if so, on the value of certain specified assets of such Reference Entity(ies) or, where, if such events have occurred, the Issuer's obligation is to deliver certain specified assets upon redemption of the Notes. In this respect the Notes provide investors with a return linked to the credit of the Reference Entity or Reference Entities, as well as the credit risk of the Issuer in performing its obligations under the Notes, and will not provide protection of principal or a guarantee of interest.

Prospective investors in any such Notes should be aware that depending on the terms of the Credit Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. It is the responsibility of investors to ensure that their accounting, regulatory and all other treatments of the Notes are consistent with the conditional nature of their entitlement to receive payments under the Notes.

The market price of such Notes may be volatile and will be affected by factors that interrelate in complex ways, including amongst other things, the Issuer's creditworthiness, the time remaining to the redemption date and the creditworthiness of the Reference Entity which in turn may be affected by the economic, financial and political events in one or more jurisdictions. It is important for investors to understand that the effect of one factor may offset the increase in the market price of the Notes caused by another factor, and that the effect of one factor may exacerbate the decrease in the market price of the Notes caused by another factor. For example, a drop in the creditworthiness of a Reference Entity may more than offset any increase in the Issuer's creditworthiness. The market price of the Notes may be zero.

Investors and prospective investors in Credit-Linked Notes should conduct their own investigations and, in deciding whether or not to purchase such Notes, prospective investors should form their own views of the merits of an investment linked to the credit risk of the reference entity or entities in question based upon such investigations and not in reliance on any information given in the relevant Pricing Supplement.

A credit deterioration or Credit Event in a reference entity may be strongly correlated with credit deterioration or Credit Events in several other related entities. As a result, the Notes may, over a relatively short period of time, experience substantial losses which reduce or eliminate their value.

Given the highly specialised nature of Credit-Linked Notes, the Issuer considers that they are only suitable for highly sophisticated investors who are willing to take considerable risks, who are able to determine for themselves the risk of an investment linked to the credit risk of the particular reference entity or entities and who can absorb a substantial or total loss of principal.

Consequently, investors who do not fall within the description above should not consider purchasing the Credit-Linked Notes without taking detailed advice from a specialised professional adviser.

The Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version))" section of this Information Memorandum contains Additional Terms and Conditions for Credit-Linked Notes with terms based on the 2014 ISDA Credit Derivatives Definitions (the "**2014 ISDA Definitions**"). This is different from the "Additional Terms and Conditions relating to Credit-Linked Notes" section of this Information Memorandum, which contains Additional Terms and Conditions for Credit Linked Notes with terms based on the 2003 ISDA Credit Derivatives Definitions (as supplemented) (the "**2003 ISDA Definitions**").

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

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

The Calculation Agent may exercise its right to deliver a Credit Event Notice even if the relevant Credit Event is no longer continuing and Noteholders will have no right to compel the exercise of this right or to control the timing of a Credit Event Determination Date. Notwithstanding this, in most cases a Credit Event can only be triggered (whether by an ISDA Credit Derivatives Determinations Committee determination or the Calculation Agent) if the relevant event occurred within a 60 calendar day look-back period. These provisions mean that there is a time limit on the ability to act on a Credit Event and that it is possible that the Notes could be affected by a Credit Event that took place prior to the Trade Date.

Not all of the Credit Events require an actual default with respect to the Reference Entity's obligations. Thus Noteholders may bear losses based on a deterioration in the credit of a Reference Entity short of default. Also, not all Credit Events are triggered by events which are easily ascertainable and disputes can and have arisen as to whether a specific event did or did not constitute a Credit Event. Under the terms of the Notes, subject to certain Credit Derivatives Determinations Committee determinations, the Calculation Agent's determination will be binding on the Issuer, the Trustee and Noteholders and may be different from the view of the Trustee, Noteholders, other financial institutions and/or commentators.

The Issuer may determine that certain terms of the Notes (for example the applicable Credit Events, Deliverable Obligations and Obligations) be those set in the Credit Derivatives Physical Settlement Matrix for the Transaction Type(s) specified in the Pricing Supplement for the Reference Entity(ies), rather than being specified in the Pricing Supplement. The Physical Settlement Matrix sets out a number of terms which, depending on the Transaction Type specified, will apply to standard credit derivatives transactions if incorporated into the documentation for those transactions and is published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto). If applicable to the Notes, the version of the Physical Settlement Matrix which will apply will be that dated the date specified in the relevant Pricing Supplement.

#### *Redemption following a Credit Event*

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

occurrence of such circumstance. The value of obligations of the relevant Reference Entity which will affect the amount (if any) due on such redemption may substantially decrease in value during the period between the Credit Event and settlement of the Notes.

Where cash settlement applies and the amount (if any) due on redemption of the Notes is to be calculated by reference to the value of one or more Valuation Obligations of the relevant Reference Entity, the Issuer will select the relevant Valuation Obligations in its sole and absolute discretion irrespective of their market value or liquidity and will not be obliged to consider the interests of Noteholders or mitigate their losses.

Where physical settlement is intended to apply, unless the Issuer does not deliver a Notice of Physical Settlement following the occurrence of a Credit Event because it determines that it would not have any relevant assets to deliver or that all of the relevant assets would be impossible, illegal or impractical to deliver (in which case auction or cash settlement will apply as above), the occurrence of a Credit Event may result in the redemption of the Notes by delivery of certain direct or indirect obligations of the affected Reference Entity and/or obligations received under certain transactions which may be entered into by the Issuer and/or its affiliates in connection with the Issuer's obligations under the Notes, which obligations are likely to have a market value which is substantially less than their par amount (and may substantially decrease in value during the period between the Credit Event and settlement of the Notes), and interest bearing Credit Linked Notes may cease to bear interest on or prior to the date of occurrence of such circumstance. Where the Notes provide for physical delivery and the Issuer delivers a Notice of Physical Settlement, the Calculation Agent may nonetheless determine that the specified assets to be delivered are either (a) assets which, for any reason (including, without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the delivery of assets which are loans), are impossible, illegal or impractical to deliver on the specified settlement date, or (b) assets which the Issuer and/or any affiliate has not received under the terms of any transaction entered into by the Issuer and/or such affiliate in connection with the Issuer's obligations under the Notes. Any such determination may delay settlement in respect of the Notes (in the case of paragraph (b)) and/or cause the obligation to deliver such specified assets to be replaced by an obligation to pay a cash amount (if any) 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. In this respect investors should note that neither the Issuer nor its affiliates are under any obligation to acquire any assets for delivery under the Notes and if no such assets are held for these purposes the Notes will be redeemed by payment of a cash amount (if any). Prospective investors should review the "*Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)*" and the relevant Pricing Supplement to ascertain whether and how such provisions should apply to the Notes.

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

*A Credit Event may occur prior to the Trade Date*

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

*Basket Credit Linked Notes - increased credit risk and settlement on maturity*

Where the Notes are Basket Credit Linked Notes, the Notes may be subject to redemption in part as described above in relation to each Credit Event which occurs in respect of a Reference Entity. The credit



risk to Noteholders may further be increased as a result of the concentration of Reference Entities in a particular industry sector or geographic area or the exposure of the Reference Entities to similar financial or other risks.

Investors' exposure to the credit performance of the Reference Entities may not correspond to actual market recovery on such Reference Entities.

In addition, where Credit Payment on Maturity applies (as specified in the relevant Pricing Supplement) payment of any cash settlement or auction settlement amount in respect of a Credit Event will be delayed until maturity of the Credit Linked Notes, notwithstanding that this may occur a significant time following the occurrence of the relevant Credit Event and no further interest will be payable in this respect.

*Interest and principal repayments on the Notes may be calculated by reference to the Adjusted Credit Outstanding Nominal Amount. As at the Issue Date the Adjusted Credit Outstanding Nominal Amount is an amount equal to the Aggregate Principal Amount. If a Credit Event occurs in respect of a Reference Entity, then the Adjusted Credit Outstanding Nominal Amount will be reduced by (i) an amount equal to a predefined portion of the Aggregate Principal Amount (reflecting the Notes' exposure to such Reference Entity) and, in certain circumstances depending upon the elections made in the relevant Pricing Supplement, (ii) if the hedging costs arising in relation to the Issuer's and/or any of its affiliates' hedging arrangements in connection with the partial redemption of the Notes exceed the Recovery Value, such excess. Therefore investors' exposure to each Reference Entity may exceed the exposure that they might incur in respect of having entered into a standard single name credit default swap as protection seller in respect of each Reference Entity and investors may lose the entire principal amount invested.*

#### *Successors*

A Reference Entity may be replaced as Reference Entity by one or more Successor(s). For these purposes the relevant Succession Date must occur within a 90 calendar day look-back period, other than in the case of a universal succession, where the Succession Date must have occurred on or after 1 January 2014. These provisions mean that there is a time limit on the ability to act on a succession and that it is possible that the Securities could be affected by a succession that took place prior to the Trade Date.

The Calculation Agent may, if it determines appropriate, select an alternative Transaction Type for any Successor to a Reference Entity and adjust such of the Conditions, the Credit Linked Conditions and/or the relevant Pricing Supplement as it determines appropriate to reflect such new Transaction Type and determine the effective date of any such change and adjustment.

In addition, where more than one Successor to a Reference Entity has been identified the Calculation Agent shall adjust such of Conditions, the Credit Linked Conditions and/or the relevant Pricing Supplement as it shall determine to be appropriate (including, without limitation, the relevant Reference Entity Notional Amount and (if applicable) the relevant Transaction Type) to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment.

#### *Maturity Date extension, interest postponement and settlement suspension*

Investors should note that the maturity of the Notes may be extended beyond the Scheduled Maturity Date in circumstances where a Credit Event may have occurred in relation to a Reference Entity or a Potential Credit Event has or may have occurred in relation to a Reference Entity. As a result repayment to the Noteholders may be delayed for a significant period of time even in circumstances where it transpires no Credit Event has occurred. In addition, the maturity of the Notes may be extended and ongoing interest payments may be delayed if there is a pending Credit Derivatives Determinations Committee decision at the relevant time.

The Credit Linked Conditions also provide that if, following the determination of a Credit Event Determination Date but prior to a cut-off date, there is a DC Credit Event Meeting Announcement, the Calculation Agent may at its option determine that the applicable timing requirements of the Credit Linked Conditions and the definitions of Credit Event Redemption Date, Credit Event Payment Date, Valuation Date, Maturity Date, Physical Settlement Period and PSN Cut-off Date and any other Credit Linked Condition as determined by the Calculation Agent, shall toll and be suspended and remain suspended (such period of suspension, a "**Suspension Period**") until the date of the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal. At that point, the relevant timing requirements of the Credit Linked Conditions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by the DC Secretary.

In the event of any such Suspension Period, the Calculation Agent may make (i) such consequential or other adjustment(s) or determination(s) to or in relation to the Credit Linked Conditions as may be desirable or required either during or following any relevant Suspension Period to account for or reflect such suspension and (ii) determine the effective date of such adjustment(s) or determination(s). In the case of interest bearing Credit Linked Notes:

- (a) if a Suspension Period falls in any one or more Interest Period(s), then no interest shall accrue during each portion of an Interest Period during which a Suspension Period exists; and
- (b) if an Interest Payment Date falls in a Suspension Period, payment of the relevant interest will be deferred until after the end of the Suspension Period.

*Amendment of Credit Linked Conditions in accordance with market convention*

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

*ISDA Credit Derivatives Definitions*

Whilst there are many similarities between the terms used in this Information Memorandum (in particular, in the "Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)") and the terms used in the 2014 ISDA Definitions, there are many substantial differences and a prospective investor should understand that the complete terms and conditions of the Notes are as set out in the relevant sections of this Information Memorandum and the relevant Pricing Supplement and that the 2014 ISDA Definitions are not incorporated by reference herein. Consequently, investing in Credit Linked Notes is not necessarily equivalent to investing a credit default swap that incorporates the 2014 ISDA Definitions.

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

*Differences between the 2003 ISDA Definitions and the 2014 ISDA Definitions*

There are a number of important differences between the 2003 ISDA Definitions and the 2014 ISDA Definitions. In particular the 2014 ISDA Definitions have:

- (a) introduced a new Credit Event of "Governmental Intervention", which is intended to capture "bail-in" procedures to which financial institutions may be subject;
- (b) made certain amendments to the Restructuring Credit Event to provide for the possibility of a Euro exit;
- (c) reduced the number of buckets applicable in circumstances where Mod Mod R is applicable and deleted the concept of the "Enabling Obligation" which was previously applicable to both Mod R and Mod Mod R;
- (d) introduced the concept of Asset Package Delivery in respect of certain Financial Reference Entities and Sovereigns. This provides that if Deliverable Obligations are exchanged into non-Deliverable assets or written-down in part or in full, in certain circumstances, the credit protection buyer will be able to deliver the resultant package of Assets or the written-down Deliverable Obligation to realise its protection;
- (e) split credit protection between senior and subordinated coverage in respect of a Governmental Intervention and Restructuring Credit Event for Financial Reference Entities, i.e. a Senior Transaction will only be triggered by a Restructuring or Governmental Intervention of Senior Obligations and a Subordinated Transaction will not be capable of being triggered by a Restructuring or Governmental Intervention of an obligation which is Subordinated to the Subordinated Reference Obligation;
- (f) made a number of changes to the provisions for determining a Successor to a Reference Entity, particularly with respect to Financial and Sovereign Reference Entities;
- (g) provided for a new election of "Standard Reference Obligation" which, if chosen, will mean that the Reference Obligation will be the obligation of the relevant seniority level published in respect of the relevant Reference Entity on a List maintained by ISDA. A transaction on the terms of the 2014 ISDA Definitions may elect not to apply that election such that the Reference Obligation would remain as chosen by the parties, although, if this is the case, the procedure for selecting a Substitute Reference Obligation has also changed significantly in the 2014 ISDA Definitions;
- (h) replaced the Not Contingent Deliverable Obligation Characteristic with the concept of Outstanding Principal Balance. In order for an obligation (including the Reference Obligation) to constitute a Deliverable Obligation, it must have an Outstanding Principal Balance greater than zero;
- (i) amended the definition of "Qualifying Guarantee" to expand the universe of guarantees that can constitute Qualifying Guarantees (with a particular emphasis on including, to some extent, guarantees with caps or transfer provisions); and
- (j) introduced a large number of technical and other changes.

These changes in the 2014 ISDA Definitions as compared to the 2003 ISDA Definitions have been reflected in the "Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)" in the Additional Terms and Conditions of the Notes in this Information Memorandum, but in each case subject to important differences, including to reflect the

nature of the Notes as compared to "over-the-counter" transactions and to reflect any hedging arrangements the Issuer may put in place. Some changes, such as the inclusion of a new Credit Event, may have significant economic effect on the Credit Linked Notes and may mean the value of the Credit Linked Notes and the return (if any) to investors is significantly different from Credit Linked Notes using the "Additional Terms and Conditions relating to Credit-Linked Notes" in the Additional Terms and Conditions of the Notes in this Information Memorandum. Some changes may be disadvantageous to Noteholders and prospective investors should review carefully the terms of any issue of Notes and, where in any doubt, take advice from suitably qualified professional advisers.

*Risks relating to Auction Settlement of Credit Linked Notes*

Where an Auction Final Price Determination Date occurs in respect of Credit Linked Notes, the Auction Final Price will be determined according to an auction procedure set out in the applicable Transaction Auction Settlement Terms, a form of which will be published by ISDA on its website at [www.isda.org](http://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 outcome of any such auction. However, there is a possibility that the Issuer or the Calculation Agent (or one of their affiliates) would act as a participating bidder in any such auction. In such capacity, it may take certain actions which may influence the Auction Final Price including (without limitation): (a) providing rates of conversion to determine the applicable currency conversion rates to be used to convert any obligations which are not denominated in the auction currency into such currency for the purposes of the auction; and (b) submitting bids, offers and physical settlement requests with respect to the relevant Deliverable Obligations. In deciding whether to take any such action (or whether to act as a participating bidder in any auction), neither the Issuer nor the Calculation Agent (or any of their affiliates) shall be under any obligation to consider the interests of any Noteholder.

*No representation by Issuer, Calculation Agent and affiliates*

None of the Issuer, the Calculation Agent nor any of their respective affiliates makes any representation whatsoever with respect to any Reference Entity, Reference Obligation(s) or other underlying obligation(s).

*Dealings by Issuer, Calculation Agent and affiliates*

The Issuer, the Calculation Agent and any of their respective affiliates may deal in Reference Obligation(s) or other underlying obligation(s) of any Reference Entity and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, any Reference Entity, any affiliate of any Reference Entity, and/or any other person or entity having obligations relating to any Reference Entity and may act with respect to such business in the same manner as each of them would if the Notes had not been issued, regardless of whether any such action might have an adverse effect on any Reference Entity, Reference Obligation(s) or other underlying obligation(s) or the Noteholders or otherwise (including, without limitation, any action which might constitute or give rise to a Credit Event).

*No disclosure of information*

The Issuer, the Calculation Agent and any of their respective affiliates may, whether by virtue of the types of relationships described herein or otherwise, on the issue date of any Notes or at any time thereafter, be in possession of information in relation to any Reference Entity, Reference Obligation(s) or other underlying obligation(s) thereof that is or may be material in the context of the issue of Notes and that may or may not be publicly available or known to Noteholders. There is no obligation on the part of the

Issuer, the Calculation Agent or any such affiliates to disclose to the Noteholders any such relationship or information (whether or not confidential).

*Potential conflicts of interest*

HSBC Bank Middle East Limited as Issuer and HSBC Bank plc as Calculation Agent will be entitled to make certain determinations and actions and exercise certain discretions under the Credit Linked Conditions including (*inter alia*) as to whether an event constituting a Credit Event has occurred. In doing so, potential conflicts of interest may exist between HSBC Bank Middle East Limited and the Noteholders and HSBC Bank plc and the Noteholders respectively. In their capacities as Issuer and Calculation Agent respectively, neither HSBC Bank Middle East Limited nor HSBC Bank plc acts as fiduciary for or as an adviser to any of the Noteholders in respect of any such or otherwise.

*No post-issuance information*

The Issuer will not provide investors with any post-issuance information regarding any Reference Entity, Reference Obligation(s) or other underlying obligation(s). In addition, prospective investors should understand that historical performance of a Reference Entity, Reference Obligation or other underlying obligation should not be viewed as predictive of future results.

*Currency risk*

Exchange rates can be volatile and unpredictable. Investors should be aware of the possibility of significant changes in rates of exchange between (i) the Specified Currency, (ii) the currency of any relevant underlying obligation(s) of a Reference Entity and (iii) the relevant local currency of the investor's domicile.

*Additional risks relating to Leveraged Credit Linked Notes*

Leveraged Credit Linked Notes provide investors with a leveraged exposure to the credit of the relevant Reference Entity so that investors are exposed to a notional credit-linked calculation amount greater than the Aggregate Principal Amount of the Notes. In relation to such Notes a notional Reference Transaction is valued on a regular basis by the Calculation Agent and if the offered side spread is greater than a specified amount, a Trigger Event will occur and the Issuer may elect either to issue additional Notes of the same Series (but so that the calculation amount relating to the Notes is not changed) or to redeem the Notes at an amount equal to each Note's *pro rata* share of the Note Value. In such circumstances the Note Value may be significantly less than the Aggregate Principal Amount of such Notes and could be zero. A Trigger Event may occur notwithstanding that no Credit Event may have occurred. Accordingly investors in Leveraged Credit Linked Notes risk losing all or some of their investment as a result of movements in the credit spreads relating to the Reference Entity even if no Credit Event occurs.